ABRAJ

A Promising Investment Opportunity

Initial Public Offering of 377,398,000 Shares

Category I Subscription Price Range:
Bzs 242 to Bzs 249 per Share

Category II Subscription Price: Discounted Maximum Price of Bzs 224 per Share, calculated as the Maximum Price of Bzs 249 less a discount of 10 per cent.

Category I Offer Period:
20 February 2023 to 2 March 2023

Category II Offer Period:
20 February 2023 to 1 March 2023

(Parallel Offering)

Abraj Energy Services SAOG

(under transformation)

P.O. Box 1156, Postal Code 130,
South Al Ghubra, Boushar
Muscat, Sultanate of Oman

Issue Managers

البنك الأهلي ahlibank | البنك الوطني العماني NBO 50 Since 1973

Joint Global Coordinators

البنك الأهلي ahlibank | EFG Hermes | البنك الوطني العماني NBO 50 Since 1973

Collection Agents

البنك الأهلي ahlibank | بنك ظفار BankDhofar | بنك مسقط bank muscat | البنك الوطني العماني NBO 50 Since 1973 | بنك عمان العربي OMAN ARAB BANK | Sohar international صحار الدولي | U Capital | المتحدة للأوراق المالية UNITED SECURITIES

CMA Administrative Decision KH/8/2023 issued on 9 February 2023

HIS MAJESTY SULTAN HAITHAM BIN TARIK

Prospectus dated 9 February 2023

Abraj Energy Services SAOG

(under transformation)

P.O. Box 1156
Postal Code 130
South Al Ghubra, Boushar
Muscat, Sultanate of Oman

Initial Public Offering of 377,398,000 Shares

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Category I Offer Period: 20 February 2023 to 2 March 2023

Category II Offer Period: 20 February 2023 to 1 March 2023

(Parallel Offering)

377,398,000 ordinary shares with a nominal value of Bzs 100 each (the **"Shares"**) of Abraj Energy Services SAOG (under transformation) (the **"Company"**) are being offered in an offering (the **"Offer"**) by Musandam Gas Plant LLC ("**MGP**"), OOCEP Holdings Limited (**"OOCEP HL"**) and OQ Exploration & Production LLC (**"OQ EP"** and together with MGP and OOCEP HL, the **"Selling Shareholders"**). The Company and the Selling Shareholders reserve the right to amend the size of the Offer at any time prior to the end of the subscription period in their sole discretion, subject to applicable laws and the approval of the Capital Market Authority of Oman (the "**CMA**"). All proceeds from the sale of the Shares will be paid to the Selling Shareholders.

The Offer comprises an offering of Shares: (i) outside the United States to certain institutional investors in reliance on Regulation S ("**Regulation S**") under the US Securities Act of 1933, as amended (the "Securities Act"); and (ii) in Oman pursuant to the SAOG Executive Regulations as well as all relevant legislation issued by the CMA.

Prior to the Offer, there has been no public market for the Shares. The Company will apply for the Shares to be listed on the Muscat Stock Exchange (the "**MSX**") under the symbol "**ABRJ**" (the "**Admission**"). There will be no conditional dealings in the Shares prior to Admission. It is expected that Admission will become effective and that dealings in the Shares will commence on the MSX on or about 14 March 2023, or such earlier date as may be notified by the Joint Global Coordinators (the "Listing Date").

All investors will be allocated at the same Offer Price, which will be determined based on the Category I bookbuilding process. Category II Investors will receive a refund equal to the difference between (i) the Discounted Maximum Price and (ii) the Offer Price less a discount of 10 per cent.

The Company has received irrevocable commitments from the Anchor Investors (as defined below), subject to the terms contained within the Anchor Investment Agreements (as defined in "Chapter XIX–Subscription and Sale– Anchor Investors"), to subscribe to the Offer at the Maximum Price (as defined below). The following table provides details regarding such subscriptions:

Name of Anchor Investor	Number of Shares Subscribed for at the Maximum Price	Subscription Amount at the Maximum Price (OMR)	% of Offer
Saudi Omani Investment Company (1)	75,479,600	18,794,420	20%
Royal Court Affairs	37,739,800	9,397,210	10%
Schlumberger Oman & Co LLC	37,739,800	9,397,210	10%
Total	**150,959,200**	**37,588,840**	**40%**

Note: (1) Saudi Omani Investment Company is a wholly owned entity of the Public Investment Fund of the Kingdom of Saudi Arabia.

Investing in the Shares involves significant risks. Prospective investors should read this document in its entirety and, in particular, are advised to examine all the risks that are relevant in connection with an investment in the Shares. See *"Chapter IV–Risk Factors"* for a discussion of certain risks and other factors that should be considered before making an investment decision with respect to the Offer.

The Shares have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and, subject to certain limited exceptions, may not be offered or sold within the United States. The Shares are being offered and sold outside the United States in reliance on Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of the Shares and the distribution of this Prospectus (the ***"Prospectus")***, see "Chapter XVIII–Subscription Conditions and Procedure".

The Shares are offered by the Joint Global Coordinators and the Collection Agents named herein on behalf of the Selling Shareholders when, as and if delivered to, and accepted by, the Joint Global Coordinators and the Collection Agents and subject to their right to reject orders in whole or in part. Purchasers will be required to make full payment for the subscribed Shares to the Collection Agents, and the Collection Agents shall transfer the subscription proceeds to the Issue Managers, at least one business day prior to the Settlement Date (as defined below), or such earlier date as required by the Joint Global Coordinators, and delivery of the Shares is expected to be made on the Settlement Date through the book-entry facilities operated by the MCDC.

The CMA assumes no responsibility for the accuracy and adequacy of the statements and information contained in this Prospectus nor will it have any liability for any damage or loss resulting from the reliance upon or use of any part of the same by any person. This Prospectus has been prepared in accordance with the requirements as prescribed by the CMA. This is an unofficial English language translation of the original Prospectus prepared in the Arabic language and approved by the CMA in accordance with CMA Administrative Decision No. KH/8/2023 issued on 9 February 2023.

This Prospectus does not constitute an offer to sell or an invitation by or on behalf of the Company to subscribe to any of the Shares in any jurisdiction outside of Oman where such distribution is, or may be, unlawful.

The Shares may be illiquid and prospective purchasers of the Shares may be required to bear the financial risks of this investment for an indefinite period of time and should conduct their own due diligence on the securities. If you do not understand the contents of this Prospectus, you should consult an authorised financial adviser.

THE COMPANY

Abraj Energy Services SAOG
(under transformation)
P.O. Box 1156, Postal Code 130,
South Al Ghubra, Boushar,
Muscat, Sultanate of Oman

SELLING SHAREHOLDERS

Musandam Gas Plant LLC
P.O. Box 200, Postal Code 102
Knowledge Oasis Muscat KOM
Al Seeb, Muscat
Sultanate of Oman

OOCEP Holdings Limited
c/o Maples Corporate Services
P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

OQ Exploration and Production LLC
P.O. Box 200, Postal Code 102
Knowledge Oasis Muscat KOM
Al Seeb, Muscat
Sultanate of Oman

JOINT GLOBAL COORDINATORS

Ahli Bank SAOG
P.O. Box 545, Postal Code 116
Mina al Fahal, Muscat
Sultanate of Oman

EFG-Hermes UAE Limited
301, The Exchange, DIFC,
P.O. Box 30727, Dubai
United Arab Emirates

acting in conjunction with
EFG Hermes UAE LLC
Office 106, The Offices 3
One Central, DWTC
P.O. Box 112736, Dubai
United Arab Emirates

National Bank of Oman SAOG
P.O. Box: 751, Postal Code 112
Ruwi, Muscat
Sultanate of Oman

ISSUE MANAGERS

Ahli Bank SAOG
P.O. Box 545, Postal Code 116
Mina al Fahal, Muscat
Sultanate of Oman

National Bank of Oman SAOG
P.O. Box: 751, Postal Code 112
Ruwi, Muscat
Sultanate of Oman

COLLECTION AGENTS

Ahli Bank SAOG
P.O. Box 545,
Postal Code 116
Mina al Fahal, Muscat
Sultanate of Oman

Bank Dhofar SAOG
P.O. Box 1507,
Postal Code 112,
Ruwi, Muscat,
Sultanate of Oman

Bank Muscat SAOG
P.O. Box 134,
Postal Code 112
Seeb, Muscat,
Sultanate of Oman

National Bank of Oman SAOG
P.O. Box: 751,
Postal Code 112
Ruwi, Muscat
Sultanate of Oman

Oman Arab Bank SAOG
P.O Box 2240,
Postal Code 130,
Bousher,
Sultanate of Omann

Sohar International SAOG
P.O. Box 44,
Postal Code 114,
Hai Al Mina, Muscat,
Sultanate of Oman

Ubhar Capital SAOC
P.O. Box 1137,
Postal Code 111,
Muscat,
Sultanate of Oman

United Securities LLC
P.O. Box 2566,
Postal Code 112
Sultanate of Oman

LEGAL ADVISERS TO THE COMPANY

As To English and United States Law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

As To Omani Law

MAQ Legal
(Al Maamary, Al Abri & Co.)
Suite No. 704, The Office Building
Bousher, Muscat
Sultanate of Oman

LEGAL ADVISERS TO THE JOINT GLOBAL COORDINATORS, THE ISSUE MANAGERS AND THE COLLECTION AGENTS

As To English and United States Law

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

Allen & Overy LLP
5th Floor, Al Mamoura Building B
Muroor Road
P.O. Box 7907, Abu Dhabi
United Arab Emirates

INDEPENDENT AUDITOR

KPMG LLC
Children's Public Library Building,
4th Floor, Shatti Al Qurum,
P.O. Box 641, Postal Code 112,
Muscat, Sultanate of Oman

IMPORTANT INFORMATION

The aim of this Prospectus is to present material information that may assist investors to make an appropriate decision as to whether or not to invest in the Shares pursuant to the Offer.

This Prospectus includes all material information and data and does not contain any misleading information or omit any material information that would have a positive or negative impact on the decision of whether or not to invest in the Shares.

The Company's Board members are jointly and severally responsible for the integrity and adequacy of the information contained in this Prospectus and confirm that to their knowledge appropriate due diligence has been performed in the preparation of this Prospectus and further confirm that no material information has been omitted, the omission of which would render this Prospectus misleading. The Company accepts responsibility for the completeness and accuracy of the information contained in this Prospectus, and having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Company's knowledge, accurate and complete in all material respects and no material facts, the omission of which would make misleading any statements of fact or opinion herein, have been omitted.

None of the Joint Global Coordinators, the Collection Agents or any of their respective affiliates, directors, officers, employees or agents accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the accuracy, completeness or verification of the contents of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Offer, and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether as to the past or future. Each of the Joint Global Coordinators and the Collection Agents and any of their respective affiliates, directors, officers, employees or agents accordingly disclaims, to the fullest extent permitted by applicable law, all and any responsibility or liability, whether arising in tort, contract or otherwise, which it might otherwise have in respect of this Prospectus or any such statement. No representation or warranty, express or implied, is made by any of the Joint Global Coordinators or the Collection Agents, or any of their respective affiliates, directors, officers, employees or agents as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in this Prospectus.

The information contained in this Prospectus may not be published, duplicated, copied or disclosed in whole or in part or otherwise used for any purpose other than in connection with the Offer, without the prior written approval of the Company, the Selling Shareholders and the Joint Global Coordinators.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

THIS PROSPECTUS CONTAINS INFORMATION THAT IS SUBJECT TO COMPLETION AND CHANGE. NO OFFER OF SECURITIES WILL BE MADE AND NO INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THIS PROSPECTUS ALONE, BUT ONLY ON THE BASIS OF THIS PROSPECTUS AS FINALISED AND COMPLETED BY THE RELEVANT PRICING NOTIFICATION.

Recipients of this Prospectus are authorised solely to use this Prospectus for the purpose of considering the acquisition of the Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than considering an investment in the Shares. Such recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

Prior to making any decision as to whether to invest in the Shares, prospective investors should read this Prospectus in its entirety and, in particular, the section titled "*Risk Factors*" when considering an investment in the Company. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved. The investors also acknowledge that: (i) they have not relied on the Joint Global Coordinators (as defined herein) or the Collection Agents or any person affiliated with the Joint Global Coordinators or the Collection Agents in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (ii) they have relied only on the information contained in this Prospectus; and (iii) no person has been authorised to give any information or make any representations concerning the Company or the Shares other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been so authorised by the Company, the Selling Shareholders, the Joint Global Coordinators or the Collection Agents. Neither the delivery of this Prospectus nor any subscription or sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information in it is correct as at any subsequent time.

None of the Company, the Selling Shareholders, the Joint Global Coordinators, the Collection Agents or any of their respective representatives is making any representation to any prospective investor in the Shares regarding the legality of an investment in the Shares by such prospective investor under the laws applicable to such prospective investor. The contents of this Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, business, financial or tax adviser for legal, business, financial or tax advice applicable to an investment in the Shares.

None of the Company, the Selling Shareholders, the Joint Global Coordinators or the Collection Agents accepts any responsibility for the accuracy, completeness or verification of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media, regarding the Offer or the Company. None of the Company, the Selling Shareholders, the Joint Global Coordinators or the Collection Agents makes any representation as to the appropriateness, accuracy, completeness, reasonableness, verification or reliability of any such information or publication.

Ahli Bank SAOG ("**Ahli Bank**"), EFG-Hermes UAE Limited ("**EFG**" Ltd."), EFG Hermes UAE LLC ("EFG LLC", acting in conjunction with EFG Ltd.)) and National Bank of Oman SAOG ("**NBO**") have been appointed as joint global coordinators (the "**Joint Global Coordinators**") and Ahli Bank and NBO have been appointed as issue managers (the "**Issue Managers**"). Ahli Bank and NBO are authorised and regulated by the Central Bank of Oman (the "**CBO**") and the CMA. EFG Ltd. is authorised and regulated by the Dubai Financial Services Authority. EFG LLC is authorised and regulated by the UAE Securities and Commodities Authority. Bank Dhofar SAOG, Bank Muscat SAOG, Oman Arab Bank SAOG, Sohar International SAOG, Ubhar Capital SAOC and United Securities LLC have been appointed as collection agents (together with Ahli Bank and NBO, the "Collection Agents"). Bank Dhofar SAOG, Bank Muscat SAOG, Oman Arab Bank SAOG and Sohar International SAOG are authorised and regulated by the CBO and the CMA. Ubhar Capital SAOC and United Securities LLC are authorised and regulated by the CMA.

The Joint Global Coordinators and the Collection Agents are acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Offer, and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their respective clients, nor for giving advice in relation to the Offer or any transaction or arrangement referred to in this Prospectus.

In connection with the Offer, the Joint Global Coordinators, the Collection Agents and any of their respective affiliates, may take up a portion of the Shares in the Offer as a principal position and in that capacity, may subscribe for and/or acquire Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, the Joint Global Coordinators, the Collection Agents and any of their respective affiliates acting as investors for their own accounts. In addition, certain of the Joint Global Coordinators, the Collection Agents or their affiliates may enter into financing arrangements (including swaps, warrants or contracts for differences) with investors in connection with which such Joint Global Coordinators or Collection Agents (or their affiliates) may from time to time acquire, hold or dispose of Shares. Moreover, in the course of their business with the Company and with parties affiliated with the Company (including the Selling Shareholders), the Joint Global Coordinators, the Collection Agents and/or their respective affiliates have from time to time been engaged, and may in the future engage, in commercial banking, lending, trading, hedging, investment banking and financial advisory and ancillary activities, for which they have received, and may in the future receive, customary compensation. In respect of the aforementioned, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures or by rules and regulations. As a result of any such transactions, any Joint Global Coordinator or Collection Agent may have interests that may not be aligned, or could potentially conflict, with the interests of holders of Shares or with the interests of the Company or the Selling Shareholders. None of the Joint Global Coordinators nor the Collection Agents intends to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

The Offer relates to securities to be listed on the MSX and potential investors should be aware that this Prospectus and any other documents or announcements relating to the Offer have been or will be prepared solely in accordance with the disclosure requirements applicable to a company listed on the MSX, and such requirements may differ from those applicable in any other jurisdictions.

NOTICE TO INVESTORS

The distribution of this Prospectus and the offer of the Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Selling Shareholders, the Joint Global Coordinators or the Collection Agents to permit a public offering of the Shares or to permit the possession or distribution of this Prospectus (or any other offering or publicity materials relating to the Shares) in any jurisdiction where action for that purpose may be required, other than Oman. Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

In particular, save for Oman, no actions have been taken to allow for a public offering of the Shares under the applicable securities laws of any other jurisdiction, including, without limitation, in Australia, Canada, Japan, South Africa or the United States. This Prospectus does not constitute an offer of, or the solicitation of an offer to subscribe for or to purchase, the Shares in any jurisdiction where it is unlawful to make such offer or solicitation.

SELLING RESTRICTIONS

Other than in Oman, no action has been taken or will be taken in any jurisdiction that would permit a public offering of the Shares or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Shares, in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisement or other document or information in connection with the Shares be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

United States

The Shares have not been and will not be registered under the Securities Act or under any applicable securities laws or regulations of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States.

The Shares are being offered and sold outside the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the Offer, an offer or sale of Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the Securities Act.

United Kingdom

No Shares have been offered or will be offered pursuant to the Offer to the public in the UK prior to the publication of a prospectus in relation to the Shares which has been approved by the Financial Conduct Authority in the UK in accordance with the UK Prospectus Regulation and the Financial Services and Markets Act 2000 (the "**FSMA**"), except that offers of Shares may be made to the public in the UK at any time under the following exemptions under the UK Prospectus Regulation and the FSMA:

(i) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(iii) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Shares shall require the Company or any Joint Global Coordinator or Collection Agent to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Shares.

This Prospectus is only being distributed to, and is only directed at, persons who are qualified investors as defined under the UK Prospectus Regulation and who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (ii) are persons falling within Article 49(2)(a) to (2d) of the Order, (iii) are outside the UK, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**Relevant Persons**"). The Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged only with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

The Shares are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the United Kingdom. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2[(1)] of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation.

European Economic Area

In relation to each member state of the European Economic Area (the "**EEA**") which has implemented the Prospectus Regulation (each a "**Relevant Member State**"), no Shares have been offered or will be offered pursuant to the Offer to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Regulation, except that Shares may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Regulation, if they are implemented in that Relevant Member State:

(i) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Shares shall result in a requirement for the publication by the Company or any Joint Global Coordinator or Collection Agent to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation or any measure implementing the Prospectus Regulation in a Relevant Member State, and each person who initially acquires any Shares or to whom any offer is made under the Offer will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" as defined in the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Regulation in that Relevant Member State; the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 and includes any relevant implementing measure in each Relevant Member State.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 5[1] of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Relevant Member State to qualified investors, in circumstances in which the prior consent of the Joint Global Coordinators has been obtained to each such proposed offer or resale. The Company, the Selling Shareholders, the Joint Global Coordinators, the Collection Agents and their respective affiliates will rely (and the Company and the Selling Shareholders each acknowledge that the Joint Global Coordinators, the Collection Agents and their respective affiliates and others will rely) upon the truth and accuracy of the foregoing representations, acknowledgements and agreements and will not be responsible for any loss occasioned by such reliance. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Global Coordinators and the Collection Agents of such fact in writing may, with the consent of the Joint Global Coordinators, be permitted to subscribe for or purchase Shares.

Kingdom of Bahrain

The Shares have not been offered or sold, and will not be offered or sold, to any person in the Kingdom of Bahrain except on a private placement basis to persons who are "accredited investors". For this purpose, an "accredited investor" means:

(i) an individual holding financial assets (either singly or jointly with a spouse) of US$1,000,000 or more;

(ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than US$1,000,000; or

(iii) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

This offer does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article 81 of the Central Bank and Financial Institutions Law 2006 (Decree Law No. 64 of 2006). This Prospectus and related offering documents have not been and will not be registered as a prospectus with the Central Bank of Bahrain. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside Bahrain.

The Central Bank of Bahrain has not reviewed, approved or registered this Prospectus or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the Central Bank of Bahrain assumes no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this document.

State of Kuwait

This Prospectus is provided on an exclusive basis to the specifically intended recipient thereof, upon that person's request and initiative, and for the recipient's personal use only and is not intended to be available to the public.

This Prospectus has not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Kuwaiti Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Shares in the State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of securities in the State of Kuwait ("**Kuwait Securities Laws**").

Hence, the Shares have not been and will not be offered, sold, promoted or advertised in the State of Kuwait except on the basis that an offer is made in compliance with the Kuwait Securities Laws, no private or public offering of the Shares is or will be made in the State of Kuwait, no agreement relating to the sale of the Shares will be concluded in the State of Kuwait, and no marketing or solicitation or inducement activities are being used to offer or market the Shares in the State of Kuwait.

Any distribution of this Prospectus shall be at the liability of the distributor.

State of Qatar

The Shares have not been and will not be offered, sold or delivered, at any time, directly or indirectly in the State of Qatar in a manner that would constitute a public offering. No application has been or will be made for the Shares to be listed or traded on the Qatar Stock Exchange or in the Qatar Financial Centre. This Prospectus has not been licensed for offering, promotion, marketing, advertisement or sale in the State of Qatar or in the Qatar Financial Centre or the inward marketing of an investment fund or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre. This Prospectus has not been, and will not be, reviewed or approved by or registered or filed with the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or Qatar Central Bank and may not be publicly distributed. This Prospectus is intended for the original recipient only and must not be provided to any other person. This Prospectus is not for general circulation in the State of Qatar and may not be reproduced or used for any other purpose.

Kingdom of Saudi Arabia

This Prospectus may not be distributed in the Kingdom of Saudi Arabia (the "**KSA**"), except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the KSA.

The Capital Market Authority of the KSA does not make any representation as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If a prospective purchaser does not understand the contents of this Prospectus, they should consult an authorised financial adviser.

United Arab Emirates (excluding the ADGM and the DIFC)

This Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. If you are in any doubt about the contents of this Prospectus, you should consult an authorised financial adviser.

By receiving this Prospectus, the person or entity to whom it has been issued understands, acknowledges and agrees that neither the Shares nor this Prospectus have been approved by the UAE Central Bank, the UAE Ministry of Economy, the UAE Securities and Commodities Authority or any other authorities in the United Arab Emirates. The Joint Global Coordinators and the Collection Agents have not received authorisation or licensing from the UAE Central Bank, the UAE Ministry of Economy, the UAE Securities and Commodities Authority or any other authorities in the United Arab Emirates to market or sell the Shares within the United Arab Emirates. No marketing or offer of the Shares has been or will be made from within the United Arab Emirates and no subscription to the Shares may or will be consummated within the United Arab Emirates, in each case other than in compliance with the laws of the United Arab Emirates. It should not be assumed that any Joint Global Coordinator or Collection Agent is a licensed broker, dealer or investment adviser under the laws applicable in the United Arab Emirates, or that either advises individuals resident in the United Arab Emirates as to the appropriateness of investing in or purchasing or selling securities or other financial products. The Shares may not be offered or sold directly or indirectly to the public in the United Arab Emirates. This Prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the UAE Commercial Companies Law, Federal Law No. 32 of 2021 (as amended) or otherwise.

Nothing contained in this Prospectus is intended to constitute investment, legal, tax, accounting or other professional advice. This Prospectus is for your information only and nothing in this Prospectus is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice rendered on the basis of your situation.

Abu Dhabi Global Market (ADGM)

This Prospectus relates to an Offer which is not subject to any form of regulation or approval by the Financial Services Regulatory Authority ("**FSRA**") of the Abu Dhabi Global Market ("**ADGM**"). The FSRA has not approved this document nor does it have any responsibility for reviewing or verifying any document or other documents in connection with this Offer. Accordingly, the FSRA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it.

The Shares have not been offered and will not be offered to any persons in the ADGM except on the basis that an offer is:

(i) an "Exempt Offer" in accordance with the FSRA Financial Services and Markets Regulations and Markets Rules; and

(ii) made only to persons who are "Authorised Persons" or "Recognised Bodies" (as such terms are defined in the "FSMR") or persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 18 of the **FSMR**) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated.

The FSRA has not taken steps to verify the information set out in this Prospectus, and has no responsibility for it. If you do not understand the contents of this Offer or are unsure whether the securities to which the Offer relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

Dubai International Financial Centre (DIFC)

This Prospectus relates to an Offer which is not subject to any form of regulation or approval by the Dubai Financial Services Authority ("**DFSA**"). The DFSA has not approved this Prospectus nor does it have any responsibility for reviewing or verifying any document in connection with the Offer. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it.

The Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre ("**DIFC**") except on the basis that an offer is:

(i) an "Exempt Offer" in accordance with the Markets Rules module of the DFSA; and

(ii) made only to persons who meet the "Deemed Professional Client" criteria set out in the DFSA Rulebook, Conduct of Business Module, who are not natural persons.

This Prospectus must not, therefore, be delivered to, or relied on by, any other type of person. The Offer to which this document relates may be illiquid and/or subject to restrictions on its resale. Prospective purchasers should conduct their own due diligence on the Offer.

The DFSA has not taken steps to verify the information set out in this Prospectus, and has no responsibility for it. If you do not understand the contents of this Offer or are unsure whether the securities to which this the Offer relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

Other Jurisdictions

Should this Prospectus be received by any person in any jurisdiction not mentioned in the foregoing, the receiving party should disregard this Prospectus in cases where the receipt of this Prospectus or its distribution is, or may be, unlawful. The Company, the Selling Shareholders, the Joint Global Coordinators and the Collection Agents require persons into whose possession this Prospectus comes, to inform themselves of and observe, all relevant investing restrictions in their jurisdiction. None of the Company, the Selling Shareholders, the Joint Global Coordinators or the Collection Agents accept any legal responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to subscribe for Shares by any person, whether or not a prospective investor, in any jurisdiction outside Oman where such sale, offer to sell or solicitation to subscribe would be unlawful.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements" which relate to, among other things, the Company's plans, objectives, goals, targets, strategies, future operational performance and anticipated developments in markets in which the Company operates and in which it may operate in the future. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Company's current beliefs and expectations about future events. These forward-looking statements generally can be identified by the use of forward-looking terminology, including terms such as "aim", "anticipate", "assume", "believe", "continue", "could", "expect", "estimate", "goal", "intend", "may", "objective", "plan", "potential", "predict", "project", "risk", "shall", "should", "target", "will", "will continue", "will pursue", "would", and their negative, or other variations thereon or comparable terminology. Similarly, statements that describe the Company's strategies, objectives, plans or goals are also forward-looking statements. They appear in a number of places throughout this Prospectus and include statements regarding intentions, beliefs and current expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies, backlog, and dividend policy and the industry in which the Company operates. In particular, the statements under the headings regarding the Company's strategy and other future events or prospects in the following sections are forward-looking statements: "*Chapter II–Summary Information Relating to the Company*", "*Chapter IV–Risk Factors*", "*Chapter X–Market Overview*" and "*Chapter XI–Description of the Company and Business Overview*".

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions and are based on the beliefs of the Company's management, as well as the assumptions made by, and information currently available to, the Company's management. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual outcomes, including among other things, the Company's results of operations, financial condition, cash flows, liquidity, backlog, financial projections and growth to differ materially from those contemplated by the relevant forward-looking statement. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure you that such expectations will prove to be correct. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements.

Important factors that could cause actual results to differ materially from the Company's expectations are contained in cautionary statements in this Prospectus, including, without limitation, in conjunction with the forward-looking statements included in this Prospectus and specifically under the section entitled "*Chapter IV–Risk Factors*" or the underlying assumptions. These factors include but are not limited to:

- inability to obtain, renew or maintain contracts on the same or more favourable terms;
- inability to maintain or continue its customer relationships;
- inability to realise estimated backlog;
- inability to compete within Oman or to expand outside Oman;
- inability of the Company to meet any of its service obligations;
- inability of the Company to meet its payment obligations;
- inability to maintain its equipment or to access the supplies needed for repairs and maintenance of equipment;
- certain financing, environmental and/or operational and maintenance risks, which are inherent to the Company's business;
- significant business disruptions;
- access to adequate insurance to cover all potential losses;
- change in monetary and/or interest policies of Oman, local and/or international inflation, local and/or international interest rates;
- fluctuations in foreign exchange rates, equity prices or other rates or prices;
- the performance of the financial markets in Oman;
- general political, economic and business conditions in Oman which may have an impact on the Company's business activities;
- changes in laws and/or regulation and/or conditions that may have a bearing on the position of the Company's customers and/or suppliers, or the oil and gas sector in Oman;
- increased competition in the oil and gas sector in Oman; changes in the economic and/ or financial conditions of the Company's customers, suppliers and the oil and gas sector; and
- other risks set forth in "*Chapter IV–Risk Factors*".

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, if any of these risks and uncertainties materialise, or if any of the Company's underlying assumptions prove to be incorrect, the Company's actual results of operations or financial condition could differ materially from what is described herein as being anticipated, believed, estimated or expected. None of the Company, the Selling Shareholders, the Joint Global Coordinators or the Collection Agents or any of their respective affiliates has any obligation to update or otherwise revise any statements in this Prospectus to reflect circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition or differ in actuality. Under no circumstances should the inclusion of such forward-looking statements in this Prospectus be regarded as a representation or warranty by the Company, the Selling Shareholders, the Joint Global Coordinators or the Collection Agents or any other person with respect to the achievement of the results set out in such statements.

The forward-looking statements contained in this Prospectus speak only as at the date of this Prospectus. The Company, the Selling Shareholders, the Joint Global Coordinators and the Collection Agents expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions or circumstances on which such statements are based, unless required to do so by applicable law.

The above list is not exhaustive and for a further discussion of factors that could cause actual results to differ, see "*Chapter IV–Risk Factors*" of this Prospectus. After listing on the MSX, the Company will adhere to the disclosure rules and regulations issued by the CMA, which includes making timely disclosure regarding its results of operations. The Company advises investors to track any information or announcements made by it after listing through the MSX website at www.msx.om in the event they subscribe for Shares and become shareholders in the Company.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

The Company's audited financial statements as at and for the years ended 31 December 2020 and 2021 (the "**Annual Financial Statements**") and the Company's unaudited reviewed interim financial statements as at and for the nine months ended 30 September 2022 (together with the comparative financial information for the nine months ended 30 September 2021, the "**Interim Financial Statements**" and, together with the Annual Financial Statements, the "**Financial Statements**") have been included in this Prospectus in "*Chapter XXIV–Historical Financial Statements*". The Annual Financial Statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and applicable provisions of the Commercial Companies Law of 2019 and Ministerial Decision 146/2021 issuing Commercial Companies' Regulations. The Interim Financial Statements have been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting". The Company's financial year commences on 1 January and ends on 31 December.

From 1 January 2022, the Company began formally reporting its financial results on a segmental basis, and it expects to continue to do so in future periods.

KPMG LLC was appointed as the Company's auditors as at and for the year ended 31 December 2021. Prior to this date, the Company's auditors were Deloitte & Touche (M.E.) & Co LLC ("**Deloitte**"), who audited the Company's financial statements in accordance with IFRS as at and for the year ended 31 December 2020. The Company's financial statements as at and for the year ended 31 December 2020 include as comparative financial information the Company's financial information as at and for the year ended 31 December 2019.

Non-IFRS Information and Certain Operational Data

Non-IFRS Information

The Company presents in this Prospectus certain measures to assess the financial performance of its business that are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include Adjusted EBITDA, Adjusted EBITDA margin, adjusted net working capital, debt, debt-to-equity, dividend pay-out ratio, free cash flow, gross profit margin, interest coverage ratio, net debt, net debt-to-Adjusted EBITDA, net debt-to-equity, net profit margin, return on assets, return on capital employed and return on equity (the "**Non-IFRS Measures**").

The Company presents Non-IFRS Measures because it believes that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. As the Non-IFRS Measures are not standardised, these measures, by themselves, may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Company's operating results as reported under IFRS.

None of the Non-IFRS Measures are a measurement of performance or liquidity under IFRS or any other generally accepted accounting principles and you should not consider these Non-IFRS Measures as an alternative to financial measures determined in accordance with IFRS or other generally accepted accounting principles. Non-IFRS Measures have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of the Company's operating performance reported in accordance with IFRS.

The Non-IFRS Measures are the Company's responsibility and are based on the Company's review of its financial results and estimates; accordingly, the above information has not been audited or reviewed by KPMG or any audit firm, and these measures are to be read in conjunction with the historical information presented, but is not intended to form part of the Company's statement of financial position or profit and comprehensive income up to the date hereof. Accordingly, prospective investors should not place undue reliance on the Non-IFRS Measures contained in this Prospectus.

The Company defines:

- "Adjusted EBITDA" as earnings for the period before interest, tax, depreciation and amortisation excluding effect of other expenses, other income, ECL reversal on trade receivables and impairment reversal/(loss) of fixed assets;
- "Adjusted EBITDA margin" as Adjusted EBITDA divided by revenue;
- "Adjusted net working capital" as current assets (excluding bank term deposits, and cash and bank balances) minus current liabilities (excluding current portion of debt, current portion of lease liabilities and income tax payable);
- "Debt" as the sum of short term loans, term loans (current and non-current) and lease liabilities (current and non-current);"Debt-to-equity" as debt divided by equity;
- "Dividend pay-out ratio" as dividends declared divided by profit and total comprehensive income for the previous year;
- "Free cash flow" as net cash from operating activities minus capital expenditure;
- "Gross profit margin" as gross profit divided by revenue from customer contracts;
- "Interest coverage ratio" as Adjusted EBITDA excluding other expenses, other income, ECL reversal on trade receivables and impairment reversal(loss) of fixed assets divided by finance expenses;
- "Net debt" as debt minus cash and cash equivalents;
- "Net debt-to-Adjusted EBITDA" as net debt divided by Adjusted EBITDA;
- "Net debt-to-equity" as net debt divided by equity;
- "Net profit margin" as net profit divided by revenue;
- "Return on assets" as profit and total comprehensive income divided by total assets;
- "Return on capital employed" as earnings before interest and tax divided by the sum of total assets less current liabilities; and
- "Return on equity" as profit and total comprehensive income divided by equity.

When reviewing performance, the Company uses a combination of both IFRS (statutory) and non-IFRS (adjusted) performance measures. The adjusted performance measures provide additional information in line with how financial performance is measured by management and reported to the Board. The Company believes that Non-IFRS Measures are a useful indicator and can assist certain investors, security analysts and other interested parties in evaluating the Company and its financial performance. You should exercise caution in comparing the Non-IFRS Measures as reported by the Company to Non-IFRS Measures of other companies. Non-IFRS Measures have limitations as an analytical tool, and you should not consider them in isolation. Some of these limitations include the following: (i) they do not reflect the Company's capital expenditures, the Company's future requirements for capital expenditures or contractual commitments; (ii) they do not reflect changes in, or cash requirements for, the Company's working capital needs; (iii) they do not reflect the interest expense/finance cost, or the cash requirements necessary, to service interest/finance cost or principal payments on the Company's debt; and (iv) although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often need to be replaced in the future and non-IFRS measures do not reflect any cash requirements that would be required for such replacements.

Certain Operational Data

This Prospectus also contains a discussion of certain key operating metrics, including backlog, average rig age, contracted rig utilisation, NPT, LTIF, TRCF, RTAF, HSE management system audit result and subcontractor HSE management system audit result (each as defined below).

This data is unaudited and may not be comparable to similarly titled data presented by other companies in the Company's industry, by research agencies or by market reports. Other companies, research agencies or market reporters may include other items or factors in their calculation of similar metrics and may use certain estimates and assumptions that the Company does not use when calculating these metrics. These factors may cause the calculations by others of similar metrics to differ substantially from the Company's calculations. The Company believes that such data is important to understanding its performance from period to period and that this data facilitates comparison with its peers. The Company's operational data is not intended to be a substitute for any IFRS measures of performance. The operational data is based on management's estimates, is not part of the Financial Statements and has not been audited or otherwise reviewed by external auditors, consultants or experts.

Except as otherwise indicated or defined in this Prospectus, the key operational data used by the Company is set forth below.

Backlog

Backlog is the expected future revenue under the Company's contracts (including extension options, as applicable) with customers, calculated based on the Company's best estimates as at the relevant date. The Company calculates backlog as the sum of the following: (i) the revenue per contracted service (for example, the day rate for a rig), multiplied by the sum of the remaining number of days contracted under the firm period set forth in such contract plus the number of days provided in optional extension periods therein; plus (ii) any additional fees (for example, contracted remaining rig mobilisation and demobilisation fees). For purposes of this Prospectus, backlog is converted using an exchange rate of OMR 0.3851 to US$1.

While estimated backlog is presented for the years ending 31 December 2023 through 31 December 2031, backlog does not provide a precise indication of the time period over which the Company is contractually entitled to receive such revenue and there can be no assurance that such revenue will be actually received by the Company in the timeframe anticipated, or at all. Backlog is computed based on facts known and assumptions deemed appropriate at the date of computation. Although under most of the Company's contracts, customers have the right to terminate the contract without cause upon written notice of typically 90 days, backlog is based on the Company's estimate of the full potential contractual period (including the exercise of optional extension periods). Based on the Company's operating history and course of dealing with its customers, the Company believes that its customer contracts are more likely than not to reach their full term and to be extended through their option periods. However, the Company's ability to realise its backlog depends in part on additional factors outside of the Company's control, such as changes to project schedules or other business disruptions. See " *Chapter IV—Risk Factors—The Company's current backlog of contract revenue may not be fully realised and may decline significantly in the future.*"

Average rig age

Average rig age is the total age of the fleet divided by the number of rigs in the fleet.

Contracted rig utilisation rate

Contracted rig utilisation rate is the total number of days the rig is contracted divided by total days per year.

NPT

Non-Productive Time, which reflects actual non-productive hours divided by cumulative rig hours.

LTIF

Lost Time Injury Frequency, which reflects the lost time frequency of employee lost time injuries per million hours worked resulting from employee injuries.

TRCF

Total Recordable Case Frequency, which reflects the number of recordable injuries per million hours worked.

RTAF

Road Traffic Accident Frequency, which reflects the number of road traffic accidents per million kilometres driven.

HSE management system audit result

The score resulting from the internal assessment during the relevant period of the Company's compliance with its HSE management system.

Subcontractor HSE management system audit result

The score resulting from the internal assessment during the relevant period of the Company's subcontractors' compliance with its HSE management system requirements.

Currency of Presentation

In this Prospectus, all references to "OMR" and/or "Omani Rial" are to the legal currency for the time being of Oman and all references to "US$" and/or "US Dollars" are to the legal currency for the time being of the United States of America. Conversions of amounts from Omani Rial to US Dollars in this Prospectus are solely for the convenience of the reader. The Omani Rial has been pegged to the US Dollar since June 1986. Unless otherwise specified, conversions of amounts between Omani Rial and US Dollars have been made at an exchange rate of US$1.00 = OMR 0.3851.

Industry and Market Data

The Company has included in this Prospectus market data and other market information derived from publications, surveys or studies of the National Center for Statistics & Information of Oman, the CBO and other public sources, as well as the market report (the "**Market Report**") dated 9 November 2022, which was prepared exclusively for the Company by Rystad Energy AS (the "**Market Consultant**"). The Market Consultant prepared the Market Report in an independent and objective manner, and has taken adequate care to ensure its accuracy and completeness. The Market Consultant has conducted its research from an overall industry perspective, and the Market Report may not necessarily reflect the performance of individual companies in the industry. The Market Consultant does not, nor does any of its subsidiaries, affiliates, partners, shareholders, directors, managers or their relatives, own any Shares or any interest of any kind in the Company. As at the date of this Prospectus, the Market Consultant has given, and not withdrawn, its written consent for the use of its name and logo and the statements in the manner and format set out in this Prospectus. Industry and market data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey of market size. External sources have been used for some of the information about the Company's competitors, who have not been contacted to verify the accuracy or the completeness of the information included herein. While the Company believes that the information and data from third party sources contained in this Prospectus, including information and data derived from public sources or provided by the Market Consultant, is reliable, such information and data has not been independently verified by the Company, the Board, the Joint Global Coordinators, the Collection Agents or the Selling Shareholders, and none of them bears any liability for the accuracy or completeness of such information or data. The Market Report contains the Market Consultant's forward-looking views, which were derived from its assumptions regarding the anticipated development of the market relevant to the Company. Such assumptions are informed by all information available to the Market Consultant as at the date of the Market Report. Key sources contributing to the forecasts made by the Market Consultant include the Company and government-level reported economic and field level data, together with proprietary field level forecast models. Key assumptions made by the Market Consultant include anticipated future changes and trends in commodity prices and oil and gas demand. All market data and other market information included in this Prospectus has been derived from the Market Report unless otherwise specified.

Rounding

Certain data in this Prospectus, including financial, statistical and operating information, has been rounded. As a result of the rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

No Incorporation of Website Information

Neither the contents of the Company's website at www.abrajenergy.com, any website or hyperlink directly or indirectly linked to its website, nor any other websites linked to or referred to herein, have been verified and they do not form part of this Prospectus, and investors should not rely on such information.

TABLE OF CONTENTS

Chapter I
Abbreviations and Definitions

Admission	The listing of the Shares on the MSX under the symbol "ABRJ".
AGM	Annual General Meeting.
Anchor Investor(s)	Investors identified as anchor investors in *"Chapter VIII–Shareholding Details"*, being Royal Court Affairs, Saudi Omani Investment Company and Schlumberger Oman & Co LLC.
Application	The application form used to apply for Shares pursuant to the terms of this Prospectus.
Application Money	The amount to be paid by each investor at the time of submission of his/her Application as specified in *"Chapter XVIII–Subscription Conditions and Procedures"* of this Prospectus.
Application Revision Form	The application form used to revise the bids of the Application submitted for Category I, pursuant to the terms of this Prospectus.
Articles	The articles of association of the Company, as registered with the MOCIIP.
Auditor	KPMG LLC.
Authorised Share Capital	The authorised share capital of the Company, being OMR 200,000,000.
Basis of Allotment	The basis on which the Shares will be allotted to investors under the Offer and which is described in *"Chapter XVIII–Subscription Conditions and Procedures"* of this Prospectus.
Board	The board of directors of the Company, elected and holding office in accordance with the Articles and the CCL.
Bzs	Omani Baizas, the lawful currency of Oman with 1,000 Baizas being 1 Omani Rial (OMR).
CAGR	Compound annual growth rate.
Category I Investors	Large investors, being Omani and non-Omani individuals and juristic persons who apply for a minimum of 803,300 Shares and in multiples of 100 Shares thereafter up to a maximum of 37,739,800 Shares, or 10 per cent. of the Offer size (not applicable to Anchor Investors).
Category I Offer	Category I of the Offer as set out in *"Chapter XVIII–Subscription Conditions and Procedures"*.
Category I Offer Opening Date	The opening date of the Category I Offer, which is described in *"Chapter XVIII–Subscription Conditions and Procedures"* of this Prospectus.
Category I Offer Closing Date	The closing date of the Category I Offer, which is described in *"Chapter XVIII–Subscription Conditions and Procedures"* of this Prospectus.
Category I Offer Period	The period between the Category I Offer Opening Date and the Category I Offer Closing Date inclusive of both days including any extension as permitted by the CMA.
Category II Investors	Small investors, being Omani and non-Omani individuals and juristic persons who apply for a minimum of 1,000 Shares and in multiples of 100 Shares thereafter up to a maximum of 803,200 Shares.
Category II Offer	Category II of the Offer as set out in *"Chapter XVIII–Subscription Conditions and Procedures"*.
Category II Offer Opening Date	The opening date of the Category II Offer, which is described in *"Chapter XVIII–Subscription Conditions and Procedures"* of this Prospectus.
Category II Offer Closing Date	The closing date of the Category II Offer, which is described in *"Chapter XVIII–Subscription Conditions and Procedures"* of this Prospectus.
Category II Offer Period	The period between the Category II Offer Opening Date and the Category II Offer Closing Date inclusive of both days including any extension as permitted by the CMA.
CBO	The Central Bank of Oman.
CCL	The Commercial Companies Law of Oman issued by Royal Decree 18/2019.
Chairman	The Chairman of the Board.
CMA	The Capital Market Authority of Oman.
CML Executive Regulations	Regulations issued by the CMA under Decision 1/2009 - Issuing "Executive Regulation of the Capital Market Law", as amended, and which shall remain in effect until regulations under the Securities Law are issued by the CMA.
Code	The CMA Code of Corporate Governance for Public Joint Stock Companies issued on 22 July 2016, as amended.

Collection Agents	Banks and brokers appointed to collect bids and subscriptions for the Offer.
Commercial Register	The commercial register maintained by the MOCIIP pursuant to the Commercial Register Law issued by Royal Decree 3/1974.
Company	Abraj Energy Services SAOG (under transformation).
Deputy Chairman	The Deputy Chairman of the Board.
Discounted Maximum Price	Bzs 224, being the Maximum Price less a discount of 10 per cent.
E-IPO Application	The Application pursuant to the E-IPO Mechanism.
E-IPO Mechanism	The mechanism to apply for the Shares through one of the "E-IPO channels" offered by the Collection Agents.
E-IPO Platform	The platform available to the investors to create the E-IPO Application for Category II.
EA	The Environment Authority, previously the Ministry of Environment and Climate Affairs of Oman renamed and reconstituted pursuant to Royal Decree 106/2020.
EEA	European Economic Area
EGM	An extraordinary general meeting of the Shareholders.
Financial Year/FY	The period of 12 months starting on 1 January and ending on 31 December of that particular calendar year.
GCC	The Cooperation Council for the Arab States of the Gulf, comprising Bahrain, the KSA, Kuwait, Oman, Qatar and the UAE.
GDP	Gross Domestic Product.
Government	The Government of Oman.
IFRS	International Financial Reporting Standards.
Information Centre	Information centre of the MSX.
Investor Number	The investor number issued by the MCDC to investors holding investor accounts with the MCDC.
IPO	The initial public offering of the Shares pursuant to the Offer.
Joint Global Coordinators	Ahli Bank SAOG, EFG-Hermes UAE Limited (acting in conjunction with EFG Hermes UAE LLC) and National Bank of Oman SAOG.
LIBOR	London Interbank Offered Rate.
Listing Date	The date on which Admission will become effective and that dealings in the Shares will commence on the MSX, expected to be up to three business days after the Settlement Date, or such earlier date as may be notified by the Joint Global Coordinators.
Management	The senior management team of the Company.
Maximum Price	The maximum price pursuant to the Price Range.
MCDC	Muscat Clearing and Depository Company SAOC.
Memorandum	The memorandum of association of the Company, as registered with the MOCIIP.
MENA	The Middle East and North Africa.
MGP	Musandam Gas Plant LLC, a limited liability company registered in Oman with commercial registration number 1153675.
MHUP	Ministry of Housing and Urban Planning.
Ministry of Commerce, Industry and Investment Promotion/MOCIIP	The Ministry of Commerce, Industry and Investment Promotion.
Ministry of Finance/MoF	The Ministry of Finance.
Ministry of Labour	The Ministry of Labour.
MSX	The Muscat Stock Exchange, previously known as the Muscat Securities Market, operated by the Muscat Stock Exchange Company SAOC, renamed and reconstituted pursuant to RD5/2021.
NCSI	National Centre for Statistics and Information of Oman.
NOC	National oil company
OCCI	Oman Chamber of Commerce & Industry.
Offer	The offer for sale of 377,398,000 Shares owned by the Selling Shareholders, with a Price Range of Bzs 242 to Bzs 249 per Share; the IPO is split into the Category I (book-building) Offer and the Category II (fixed price) Offer as described in this Prospectus.
Offer Price	The price from within the Price Range discovered under the Category I Offer in accordance with *"Chapter XVIII–Subscription Conditions and Procedures"*.
OGM	An ordinary general meeting of the Shareholders.

Oman	The Sultanate of Oman.
Omani Rial/OMR	Omani Rial, the lawful currency of Oman with OMR 1 divided into 1,000 Baiza (Bzs).
OOCEP HL	OOCEP Holdings Limited.
OQ	OQ SAOC.
OQ EP	OQ Exploration and Production LLC, a limited liability company registered in Oman with commercial registration number 1069417.
Price Range	The Category I subscription price range of Bzs 242 to Bzs 249 per Share.
Pricing Date	The pricing date of the Offer, which is expected to be on or around 6 March 2023.
SAOC	Societe-Anonyme-Omanaise-Closed, an Omani closed joint stock company.
SAOG	Societe-Anonyme-Omanaise-Generale, an Omani public joint stock company.
SAOG Regulations	Regulations for Public Joint Stock Companies issued by CMA Decision No.27/2021.
Securities Law	The Securities Law of Oman issued by Royal Decree 46/2022.
Selling Shareholders	MGP, OOCEP HL and OQ EP.
Settlement Date	The date of (i) delivery of the Shares through the book-entry facilities operated by the MCDC to the account numbers of investors, and (ii) transfer of the net proceeds by the Issue Managers to the escrow account of the MCDC; such date is expected to be up to three business days after the Pricing Date, or such earlier date as may be notified by the Joint Global Coordinators.
Share	An ordinary share in the capital of the Company with a nominal value of Bzs 100.
Share Capital	The issued share capital of the Company, which amounts to OMR 77,020,000 divided into 770,200,000 Shares.
Shareholder	A shareholder of the Company.
SOFR	Secured overnight financing rate
Take Over Code	Means the code providing rules to govern the takeover of SAOGs issued by CMA decision 2/2019.
UAE	United Arab Emirates.
USA	United States of America.
US$ / US Dollar	US Dollars, the lawful currency of the United States of America.
VAT	Value added tax.

Chapter II
Summary Information Relating to the Company

This summary highlights information contained elsewhere in this Prospectus. It does not contain all the information that investors should consider before investing in the Shares. All investors should read the entire Prospectus carefully, including the financial statements of the Company set out in "*Chapter XXIV–Historical Financial Statements*" of this Prospectus. In addition, all investors should specifically read "*Chapter IV–Risk Factors*" of this Prospectus for more information about important risk factors that should be considered before applying for Shares.

Overview

Established in 2006, the Company is the leading provider of onshore drilling services in Oman, as measured by the number of contracted operating drilling rigs as at 30 June 2022. Through its two business segments, (i) Drilling and Workover Services and (ii) Well Services, the Company provides a wide range of complementary onshore oil and gas field services. The Company's vision is to be the market leading provider of oil and gas field services in Oman, as well as one of the leading providers of these services in the region.

The Company operates its business through two segments:

- Drilling and Workover Services: The Company provides drilling rigs, which are integrated systems used to drill new onshore oil and gas wells for Omani NOCs, hybrid and independent operators, as well as international oil and gas companies. In addition, the Company provides workover rigs, which are used to maintain, restore and reinstate the integrity of existing wells.

  The Company operates one of the youngest drilling fleets in the MENA region, comprising 25 modern drilling rigs, with an average rig age of 8.6 years as at 31 December 2022 and a contracted drilling rig utilisation rate of 99.8 per cent. for the year ended 31 December 2021 and 97.4 per cent. for the nine months ended 30 September 2022. The Company had the leading drilling market share in Oman by the number of contracted operating drilling rigs (29 per cent.) as at 30 June 2022. The Company also operates five workover rigs, with an average rig age of 12.4 years as at 31 December 2022 and contracted workover rig utilisation rates of 100 per cent. for the year ended 31 December 2021 and the nine months ended 30 September 2022.

  The Company's Drilling and Workover Services segment accounted for 87 per cent. and 89 per cent. of its total revenue for the year ended 31 December 2021 and the nine months ended 30 September 2022, respectively. As at 30 September 2022, the Company's estimated backlog attributable to its Drilling and Workover Services contracts was OMR 499.9 million for the years 2023 through 2031.

- Well Services: The Company provides a diverse portfolio of oil and gas well services through three business lines: hydraulic fracturing, which is used to improve production in areas where natural oil and gas flows are restricted; cementing to support and protect well casings and help achieve zonal isolation; and coil tubing, which uses a coil tubing fleet to provide matrix and fracture stimulation, wellbore cleanout, logging, perforating, nitrogen kick-off, sand control, cementing, well circulation and mechanical isolation services.

  The Company's Well Services segment accounted for 13 per cent. and 11 per cent. of its total revenue for the year ended 31 December 2021 and the nine months ended 30 September 2022, respectively.

The Company maintains strong, long-standing customer relationships with the leading Omani NOCs, including OQ EP, hybrid operators such as PDO (which is a joint venture owned by the Government of Oman (60 per cent. shareholder), Royal Dutch Shell (34 per cent. shareholder), TotalEnergies (4 per cent. shareholder) and PTTEP (2 per cent. shareholder)) and independent operators, including CC Energy Development Oman, Ara Petroleum and Petrogas Rima. The Company's customers also include international oil and gas companies such as BP, Medco and Occidental, which reflects its ability to meet global quality standards. The Company benefits from long-term contracts, and the average remaining duration of its Drilling, Workover Services and Well Services contracts was 3.8 years, 7.9 years and 9.6 years, respectively, in each case as at 30 September 2022. This gives the Company significant value in hand at attractive day rates, supporting an estimated backlog, as at 30 September 2022, of OMR 593 million for the years 2023 through 2031, equivalent to more than the last five full years of revenue.

The Company is committed to ensuring that all of its facilities and operations function at high standards of operational excellence and safety. Among others, its Health, Safety and Environment ("**HSE**") management system has been certified as OHSAS 45001 and OHSAS 14001 compliant, its quality management system has been certified as ISO 9001:2008 compliant and its drilling, workover and cementing services were among the first in Oman to have been certified as API Q2 compliant.

For the year ended 31 December 2021, the Company earned revenue from contracts with customers of OMR 124.5 million, Adjusted EBITDA of OMR 46.8 million and an Adjusted EBITDA margin of 37.6 per cent. For the nine months ended 30 September 2022, the Company earned revenue of OMR 102.4 million, Adjusted EBITDA of OMR 38.4 million and an Adjusted EBITDA margin of 37.5 per cent.

Competitive Strengths and Strategies

The Company's competitive strengths include:

- being a leading onshore oil and gas field services provider in Oman, with a wide service offering including drilling, workover and well services;
- benefiting from favourable market and sector fundamentals;
- having a well-invested fleet of modern, built-for-purpose rigs;
- having revenue visibility that reflects long standing relationships with a diverse customer base that drives a healthy backlog with a long contract duration;
- operating a business that benefits from high barriers to entry in Oman;
- having a track record of robust financial performance characterized by strong growth, margins and cash flow generation capabilities;
- having a strong health, safety and environment culture; and
- having a highly experienced management team with a proven track record of growing the business and creating value, coupled with a committed shareholder base.

The Company's strategies include:

- further growing its leading domestic drilling market position and achieving further growth in other segments by capitalising on:
    - new build rig opportunities in the market, which will be driven by leading IOCs with whom the Company already has strong relationships; and
    - replacement of aging rigs in the local market; and
- establishing a market position in the MENA region by seeking to capture opportunities where the Company already has pre-qualifications, with a particular focus on Kuwait.

For further details in relation to the Company's competitive strengths and strategies, see *"Chapter XI– Description of the Company and Business Overview".*

Chapter III

General Information on the Offer and the Company

Name	Abraj Energy Services SAOG (under transformation)
Commercial registration number	1844555
Date of registration	24 May 2006
Registered office	P.O. Box 1156, Postal Code 130 South Al Ghubra, Boushar, Muscat, Sultanate of Oman
Principal place of business	Sultanate of Oman
Duration	Unlimited
Financial Year	Commences on 1 January and ends on 31 December each year.
Share Capital	OMR 77,020,000 divided into 770,200,000 Shares with a nominal value of Bzs 100 per Share.
Number of Shares offered for subscription	377,398,000 Shares, representing 49 per cent. of the Company's total Share Capital.
Type of Shares offered for subscription	All the Shares issued by the Company and the entire capital of the Company consist only of ordinary shares. Each single Share carries the right to one vote at any general meeting, including any OGM or EGM.
Category I Subscription Price Range	Bzs 242 to Bzs 249 per Share.
Category II Subscription Price	Discounted Maximum Price of Bzs 224 per Share, calculated as the Maximum Price of Bzs 249 less a discount of 10 per cent.
Offer Price	The price from within the Price Range discovered under the Category I Offer in accordance with "Chapter XVIII–Subscription Conditions and Procedures" which shall discover the price for the Category II Offer.
Percentage of the total Share Capital on Offer	49 per cent. of the Share Capital of the Company.
Names of Selling Shareholders and number of Shares being sold	MGP: 1,010 Shares, representing 0.0002 per cent. of the Shares being sold in the Offer. OOCEP HL: 77,019,590 Shares, representing 20.4 per cent. of the Shares being sold in the Offer. OQ EP: 300,377,400 Shares, representing 79.59 per cent. of the Shares being sold in the Offer.
Purpose of the IPO	The divestiture of a minority stake in the Company in accordance with the Government's privatisation programme.
Persons prohibited from subscribing to the Offer in Oman	The following investors shall not be permitted to subscribe to the Offer: ● Sole proprietorship establishments: The owners of sole proprietorship establishments may only submit Applications in their personal names. ● Trust accounts: Customers registered under trust accounts may only submit Applications in their personal names (except as detailed below). ● Multiple Applications: An investor may not submit more than one Application. ● Joint Applications: investors may not submit applications in the name of more than one individual (including on behalf of legal heirs). ● Related Parties: The related parties of the Company may not participate in the Category I Offer of the IPO, except where such relationship is due to common shareholding or control exercised by the administrative apparatuses of the Government. All such Applications will be rejected without contacting the investor. As an exception, the Applications by trust accounts may be accepted in the Offer, at the discretion of the Joint Global Coordinators, if the Collection Agent is satisfied that none of the underlying subscribers applying through such trust accounts have also applied through their names or their personal establishments. The Joint Global Coordinators may reject such Application if they become aware that there are multiple applications from such investors applying through trust accounts.

Proposed allocation procedure	The allocation of the Shares will be made as follows: ● Category I Investors: up to 320,788,300 Shares have been allocated for Category I, being a maximum of 85 per cent. of the Offer size (allocation to be determined by the Selling Shareholders in consultation with the Joint Global Coordinators and the CMA). As part of the Category I Offer, Anchor Investors have, in aggregate, been allocated 150,959,200 Shares, which constitute 40 per cent. of the Offer size. The aggregate allocation to Category I Investors may be reduced to a maximum of 65 per cent. of the Offer size if there is excess demand in Category II. ● Category II Investors: 56,609,700 Shares have been allocated for Category II, being a minimum of 15 per cent. of the Offer (allocation to be made on a proportionate basis). If there is excess demand in Category II, the allocation to Category II Investors may be increased up to a maximum of 35 per cent. of the Offer size. If the aggregate demand in Category II is less than 15 per cent. of the Offer size, then after full allocation to Category II Investors, the balance of the Shares will be made available to Category I Investors for allocation at the Offer Price, if there is oversubscription in Category I. For further detail on allocation procedures, including circumstances under which the allocations between Category I Investors and Category II Investors could change, see *"Chapter XVIII–Subscription Conditions and Procedures"*
Minimum limit for subscription by each investor	● Category I Investors: 803,300 Shares and in multiples of 100 Shares thereafter. ● Category II Investors: 1,000 Shares and in multiples of 100 Shares thereafter.
Maximum limit for subscription by each investor	● Category I Investors (other than Anchor Investors): 37,739,800 Shares, representing 10 per cent. of the Offer size. ● Anchor Investors: 75,479,600 Shares, representing 20 per cent. of the Offer size. ● Category II Investors: 803,200 Shares.
Category I Offer Opening Date	20 February 2023
Category II Offer Opening Date	20 February 2023
Category I Offer Closing Date	2 March 2023
Category II Offer Closing Date	1 March 2023
Pricing Date	6 March 2023
Settlement Date	On or about 9 March 2023, or such earlier date as may be notified by the Joint Global Coordinators
Listing Date	On or about 14 March 2023, or such earlier date as may be notified by the Joint Global Coordinators
Date of EGM for approval of the IPO	13 December 2022
Joint Global Coordinators	**Ahli Bank SAOG** P.O. Box 545, Postal Code 116 Mina al Fahal, Muscat Sultanate of Oman **EFG-Hermes UAE Limited** 301, The Exchange, DIFC, P.O. Box 30727 Dubai United Arab Emirates **EFG Hermes UAE LLC** Office 106, The Offices 3 One Central, DWTC P.O. Box 112736 Dubai United Arab Emirates **National Bank of Oman SAOG** P.O. Box 751, Postal Code 112 Ruwi Sultanate of Oman

Collection Agents	**Ahli Bank SAOG** P.O. Box 545, Postal Code 116 Mina al Fahal, Muscat Sultanate of Oman **Bank Dhofar SAOG** P.O. Box 1507, Postal Code 112, Ruwi, Muscat, Sultanate of Oman **Bank Muscat SAOG** P.O. Box 134, Postal Code 112 Seeb, Muscat, Sultanate of Oman **National Bank of Oman SAOG** P.O. Box 751, Postal Code 112 Ruwi Sultanate of Oman **Oman Arab Bank SAOG** P.O Box 2240, Postal Code 130, Bousher, Sultanate of Oman **Sohar International SAOG** P.O. Box-44, Postal Code 114, Hai Al Mina, Muscat, Sultanate of Oman **Ubhar Capital SAOC** P.O. Box 1137, Postal Code 111, Muscat, Sultanate of Oman **United Securities LLC** P.O. Box 2566, Postal Code 112 Sultanate of Oman
Auditor	**KPMG LLC** Children's Public Library Building, 4th Floor Shatti Al Qurum P.O. Box 641, Postal Code 112 Sultanate of Oman
Communications consultants	**FTI Consulting** 1408 Burj Daman Building DIFC, Dubai United Arab Emirates

Chapter IV
Risk Factors

Investing in and holding the Shares involve financial risk. Prospective investors in the Shares should carefully review all of the information contained in this Prospectus and should pay particular attention to the following risks associated with an investment in the Company and the Shares, which should be considered together with all other information contained in this Prospectus. If one or more of the following risks were to arise, the Company's business, financial condition, results of operations and prospects could be materially and adversely affected, and investors could lose all or part of their investment. The risks set out below may not be exhaustive and do not necessarily include all of the risks associated with an investment in the Company and the Shares. Additional risks and uncertainties not currently known to the Company or which it currently deems immaterial may arise or become material in the future and may have a material adverse effect on its business, results of operations, financial condition and prospects.

Risks Relating to the Company's Business and Industry

1. The Company's multi-year contracts may be subject to early termination, or may include fixed prices that do not permit the Company to fully recoup its costs, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company primarily enters into multi-year contracts with its customers, some of which are entered into on a fixed price basis or are indexed to global oil prices. If there is an unexpected increase in expenses, such as higher supply chain prices resulting from inflation, higher than budgeted increases in fuel or transportation costs, or an increase in the government-mandated minimum salary, the Company may not be able to fully recover its costs under its fixed price contracts. Although the Company does not currently have any contracts for which day rates or other contractual terms are linked to oil prices or an oil price index, it has used such contracts in the past, and there can be no assurance that it will not enter into similar contracts in the future. If oil prices decline, revenue from customers under these contracts could also decline, and there might not be a concurrent decline in costs, which could impact the Company's margins. Further, the Company's operating and maintenance expenses include fixed costs that may or may not decline in proportion to decreases in rig utilisation and day rates or fluctuate in proportion to changes in revenue. Circumstances outside the Company's control, such as low oil prices, may affect the Company's customers' ability to pay, or their ability to pay on time. In these circumstances, customers may also request discounts, which the Company has granted in the past and may choose to grant to maintain certain revenue levels, but which would nonetheless impact the working capital available to the Company. The majority of the Company's contracts contain indexation or similar provisions that allow it to recover certain costs in case of an increase in those costs. For example, contracts may include a price cap on fuel prices that, if exceeded, can be charged back to the customer, or the Company may be able to negotiate discounts on the price of fuel with its suppliers in response to requests for discounts from customers. However, the Company's contracts do not allow it to pass through all cost increases, particularly those below a de *minimis* threshold, and there can be no assurance that the Company will be able to recover cost increases passed through retrospectively on a timely basis or at all. Furthermore, while the Company has renegotiated the terms of its contracts under certain circumstances in the past, there can be no assurance that it will be able to do so in the future.

While the majority of the Company's contracts are long-term in nature, with an average remaining contract duration of 3.8 years for its Drilling contracts, 7.9 years for Workover Services contracts and 9.6 years for its Well Services contracts, in each case as at 30 September 2022, most of these contracts provide customers with an early termination right within notice periods of typically 90 days. In addition, most of these contracts provide customers with an early termination right upon default or non-performance by the Company. In these circumstances, the Company may not have the right to receive compensation if the contract is terminated early, may not be able to collect the compensation it is owed under the contract and may not be able to fully eliminate costs associated with the contract. In addition, in certain situations such as force majeure, negligence, or HSE reasons, some contracts may be suspended for an extended period of time and in some cases without adequate compensation. Any of these circumstances could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2. The Company may not be able to renew or obtain new drilling contracts, either on favourable terms or at all, for rigs whose contracts are expiring or are terminated, or be able to obtain drilling contracts for its uncontracted rigs.

The Company's ability to renew expiring drilling contracts (following the end of their firm or option period, as relevant) or obtain new drilling contracts depends on a variety of factors, including prevailing market conditions and competitive dynamics at the time and the Company's pricing, performance record and reputation. The Company has historically operated at a higher than 90 per cent. utilisation rate, and has been able to successfully renew or enter into new drilling contracts after existing contracts expired on generally similar terms. However, if renewed or new drilling contracts are entered into at day rates substantially below those previously contracted or on terms that are otherwise less favourable as compared to its previous contract terms, its backlog and revenue could be adversely affected, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

3. The loss of one or more of the Company's significant customers could materially adversely affect its business.

The Company provides a range of onshore oil and gas field services to its customers. In the year ended 31 December 2021, 49.3 per cent. of the Company's revenue came from its largest customer, Petroleum Development Oman ("**PDO**", which is controlled by the Government), and 66 per cent. of its revenue was attributable to Omani NOC and hybrid operator customers (such as PDO and OQ EP). Consequently, the Company is highly dependent on its relationship with Government-owned oil and gas companies, although its exposure to each of these customers is spread across multiple contracts and rigs in its fleet. Nevertheless if (i) one or more of the contracts with these customers prove less profitable for the Company than expected, (ii) the Company fails to secure renewed or additional contracts with these customers, (iii) these customers terminate one or more of their contracts and the Company fails to receive adequate compensation for lost income, (iv) these customers elect not to extend their contracts during the optional extension period, or (v) there are late payments or a failure to pay for any of the payments under any of these contracts, the Company's revenue may decline, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

4. The Company's current backlog of contract revenue may not be fully realised and may decline significantly in the future.
As at 30 September 2022, the total size of the Company's contract backlog for the years 2023 through 2031, assuming exercise of optional extensions, was OMR 593 million. The Company's backlog reflects the estimated future revenue attributable to the remaining term of its existing firm period contracts plus customer extension options for the life of the contract across all of the Company's income-generating assets. While backlog has been presented in this prospectus for the period from 2023 through 2031, there is no assurance that such revenue will be received by the Company in the time frames anticipated, or at all. Backlog is computed based on facts known and assumptions deemed appropriate at the computation date. Although under most of the Company's contracts, customers have the right to terminate the contract without cause upon written notice of typically 90 days (with payment of early termination fees, if applicable), backlog is based on the full contractual and optional period, as the Company expects that these contracts will reach their full term and be extended for the duration of their option periods based on its operating history and course of dealing with customers.

Revenue recorded in future periods could differ materially from the Company's current backlog estimate as a result of various factors, many of which are beyond the Company's control, including:

- the early termination, suspension, repudiation or renegotiation of existing contracts or failure to exercise optional extensions;
- breakdowns of equipment, possibly resulting in rig downtime or repair for which the Company may receive a reduced day rate or no day rate at all;
- work stoppages, including labour strikes;
- severe weather or harsh operating conditions; and
- force majeure events.

The Company's estimated backlog may fail to be realised in whole or in part if customers cancel or renegotiate their contracts (including as regards pricing or payment terms) or any of the Company's other assumptions in calculating the backlog estimate prove to be incorrect. The Company's inability to realise a substantial amount of the Company's contract backlog could have a material adverse effect on its business, financial condition, results of operations or prospects.

5. The Company faces significant competition.
The Omani oil and gas field services industry is competitive, with a number of domestic and international industry participants seeking to win new contracts for a limited number of drilling, well services and workover services at any one time, both in Oman and in any other regional markets which the Company may choose to compete. The Company's contracts are generally awarded on a competitive bid basis. Price competition is often a key factor in determining which qualified contractor is awarded a tender, although rig availability, the quality and technical capability of services and equipment and a bidder's historical safety record can be pre-qualification factors and are therefore important competitive factors.

Furthermore, some of the Company's competitors may have a larger presence in certain aspects of the oil and gas market in Oman or in other regional markets, and may have greater financial, technical and marketing resources than the Company does, which may allow them to offer lower pricing in an effort to obtain market share. In addition, certain competitors may be better suited to withstand periods of lower margins and/or low utilisation, and may be able to compete more effectively on the basis of price. Additionally, since the Company's business depends on the level of activity in the oil and natural gas industry, any improvement in, or new discoveries of, alternative energy technologies that increase the use of alternative forms of energy and reduce the demand for oil and natural gas could have a material adverse effect demand for the Company's services. If the Company is unable to remain competitive based on these and/or other factors, it may be unable to bid competitively for new contracts, which could materially adversely affect the Company's business, financial condition, results of operations and prospects.

6. The Company may fail to expand its operations outside Oman.
The Company intends to expand its operations, primarily into Kuwait, as well as the KSA, Algeria and India, and has signed a contract with Saudi Arabian Chevron Inc. and Kuwait Gulf Oil Company (K.S.C.) to provide rigs in the Wafra region of the Saudi Arabian-Kuwaiti neutral zone. However, doing so exposes it to challenges that are typical when entering a new market dominated by incumbent players, including a lack of familiarity with the market and its dynamics, fewer contacts, increased expenditure and management time required to penetrate the market and pricing pressure to gain market share. The Company's ability to expand into new markets could depend in part on its ability to identify suitable counterparties with whom to partner, and to successfully negotiate the terms of any partnership, contractor or subcontractor agreement, or similar arrangement. The anticipated benefits of any strategic expansion may not be realised, or may be realised more slowly than expected, and may result in adverse operational and financial consequences, including a higher than anticipated financial commitment by the Company, lower operating margins to win market

share, reputational costs from partnering with counterparties that do not meet the Company's quality or compliance standards, or a failure to reach the intended return on investment and/or operational benefits from expansion. Any of these consequences may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In addition, as part of its expansion strategy, the Company has undertaken a pre-qualification process in each of the KSA, Kuwait, Algeria and India, and has received some, but not yet all, of the pre-qualifications for which is has applied. There can be no assurance, however, that the Company will obtain the further pre-qualifications for which it has applied or which it may apply for in the future, nor that the Company will be able to secure contracts in these markets as a result of the pre-qualifications it has received or that any operations in such markets will be profitable. Any of these challenges could adversely affect the Company's ability to achieve its strategy.

7. The Company's business involves numerous operating and environmental hazards which could result in harm to personnel or damage to assets, and which may subject it to operational suspensions, reputational damage or liability claims.

The Company's operations are subject to hazards which are inherent in providing oil and gas field services, such as blowouts, reservoir damage, loss of well control, lost or stuck drill strings, equipment defects, fires, explosions and pollution. In addition, contract drilling requires the use of heavy equipment and exposure to hazardous conditions. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage. The Company's operations may also be adversely affected by natural disasters or adverse weather conditions, including sand storms. Any of these circumstances could result in claims against the Company by employees, customers or other third parties, suspension of operations, reputational damage and/or remediation costs, any of which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Furthermore, standards for accident prevention in the oil and natural gas industry are governed by safety policies and procedures, accepted industry safety practices, customer-specific safety requirements, and health and safety legislation, and compliance with these health and safety standards is a key factor that customers consider when selecting a drilling company. Accidents or injuries that result in a decline in the Company's health and safety performance could expose the Company to penalties under the terms of its customer contracts, result in lower demand for its services and harm its reputation, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

8. Business disruptions could harm the Company's business, lead to a decline in revenue and increase its costs.

The provision of services to the Company's customers could be disrupted by numerous events outside of its control, including telecommunications failures, disruptions to shipping and transport networks which result in the delay of new rigs (most of which have historically been manufactured in the United States and China) or parts required to maintain the Company's rigs, power or water shortages, outages at cloud service providers or other critical infrastructure providers, sand storms, fires, cyberattacks, terrorist attacks, medical epidemics or pandemics (including, but not limited to, Covid-19 and variants thereof) and other natural or man-made disasters, including those resulting from climate change. Any of these events could harm the Company's business and result in significant losses, a decline in revenue and an increase in the Company's costs. Any of these business disruptions could also require substantial expenditures, which it may not be able to pass on to its customers and which may not be insured in part or at all, and recovery time for the Company to fully resume operations. In addition, under certain circumstances, customers may be able to withhold the payment of day rates during the period of time that the Company is unable to provide its services as a result of business disruptions and, if such disruptions are prolonged, customers may be able to terminate their contracts and the Company may be exposed to additional liabilities with respect thereto.

For example, the Covid-19 pandemic was accompanied by a global decrease in demand for oil and gas. Although the Company's revenue increased in 2020 compared to 2019 and in 2021 compared to 2020 and it benefited from the successful deployment of its business continuity plans during the pandemic, the increases in revenue were partially offset by the impact of Covid-19 on the Company's customers' having to comply with Government regulations that required them to close sites and resulted in the Company having to temporarily stack affected rigs, resulting in a 1.9 per cent. decrease in revenue generated by the Company's drilling rigs in 2020. Related regulations also led to an increase in costs, including due to certain of the Company's employees having to self-isolate, which resulted in higher accommodation and overtime costs. There can be no assurance that the reimposition of anti-pandemic measures, such as travel restrictions and stay-at-home orders, or the emergence of newer and more contagious variants, would not have a material effect on the Company's business, financial condition, results of operations and prospects.

The occurrence of any of the foregoing risks could have a material adverse impact on the Company's business, financial condition, results of operations and prospects.

9. Substantial capital and operating expenditure is required to maintain the operating capacity of the Company's rig fleet, and the Company may be required to make significant capital expenditures to execute growth plans.

In order to achieve its strategy, grow and continue to maintain its rig fleet, the Company will from time to time incur substantial capital and operating expenditures, including to acquire new rigs (which historically the Company has only done after entering into a contract with a customer with respect to the rig), and to maintain and modify existing rigs, including to upgrade technology and extend their useful lives. These expenditures vary significantly from year to year, and could fluctuate as a result of changes in, among other things:

- demand for the Company's services;
- the cost of labour and materials;
- customer requirements, including for new or upgraded equipment;
- fleet characteristics and size;
- the cost of replacement drilling rigs;
- the cost of replacement parts for existing drilling rigs; and
- industry standards.

In addition, changes in governmental regulations, safety or other equipment standards, as well as compliance with standards imposed by competent authorities, may require the Company to make additional unforeseen capital expenditures or require the Company to take its rigs out of service for extended periods of time, with corresponding losses of revenue, to make alterations or add equipment. In the future, market conditions may not justify these expenditures or enable the Company to operate its older rigs profitably during the remainder of their economic lives. If the Company is unable to finance required levels of capital and operating expenditure from working capital or on commercially acceptable terms from third parties, or if its capital and operating expenditure levels are higher than anticipated, the Company's business, financial condition, results of operations and prospects could be materially adversely affected.

10. The Company relies on third-party suppliers, manufacturers and subcontractors to secure rigs and other capital equipment and components, which may expose it to risks relating to product and service quality and price, interruptions in supply and disruptions to its operations.

The Company's reliance on third-party suppliers, manufacturers and subcontractors to provide rigs and other capital equipment and components, as well as spare parts and consumables, exposes it to volatility in the quality, price and availability of these items. Certain equipment and components that the Company uses in its operations may be available only from a small number of suppliers, manufacturers or subcontractors. The failure of one or more third-party suppliers, manufacturers or subcontractors to provide rigs and other capital equipment and components at the required quantity and expected quality, whether due to capacity constraints, production or delivery disruptions, price increases, quality control issues, recalls or otherwise decreased availability of parts and equipment, is beyond the Company's control, could disrupt its operations and expose it to liability to its customers. Although the Company may be able to seek compensation from its suppliers for any such losses, there can be no assurance that such amounts will be recovered or the amounts recovered will fully compensate it for any liabilities the Company may otherwise have to its customers. The occurrence of any of the foregoing events could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

11. Reactivation of stacked rigs is subject to risks, including delays and cost overruns, which could have an adverse impact on the Company's available cash resources and results of operations.

The Company deactivates (or "stacks") rigs that are not currently in use and not expected to be in use in the immediate future. This tends to result in a decrease in revenue during the period the rig is stacked and an increase in expenses in connection with reactivation. Although the Company does not currently have any stacked rigs, it did have one rig stacked for part of 2022, and it had also temporarily stacked certain rigs in 2020. Reactivation projects are subject to execution risks, including cost overruns or delays. Capital expenditures and deferred costs for reactivation of stacked rigs could also exceed the Company's planned capital expenditure. Failure to complete a reactivation on time may, in some circumstances, result in the delay, renegotiation or cancellation of a drilling contract and could put at risk planned arrangements to commence operations on schedule, exposing the Company to contractual penalties. A successful reactivation project could be impacted if incorrect or insufficient preservation processes were used during the stacking period, causing increased costs and/or delays for reactivation beyond that budgeted. Any of these risks could materially adversely affect the Company's business, financial condition, results of operations and prospects.

12. The Company's rigs are subject to impairment testing, and it could be required to recognise losses on impairment of these assets.

The carrying amount of the Company's property and equipment was OMR 197 million, or 71 per cent. of its total assets, as at 30 September 2022. The majority of this amount was attributable to the Company's rigs. In accordance with the Company's critical accounting policies, it reviews its property and equipment for impairment when triggering events or changes in circumstances indicate that the aggregate carrying amount of its assets held compared with the higher of fair market value and value in use may not be recoverable. Future expectations of lower day rates or rig utilisation rates or changes in market conditions could lead the Company to believe that the carrying amount of its property and equipment, particular its rigs, is unrecoverable. If the Company determines that the recoverable amount of an asset is less than its carrying amount, the Company could be required to recognise losses on impairment of these assets, as was the case in 2021, which could have a non-cash adverse impact on its financial condition.

13. Sustained declines in oil and natural gas output levels and fluctuations in oil and natural gas prices could adversely affect drilling activity and the Company's activity levels, as well as the day rates for certain of its customer contracts.

The Company's operations depend on the level of spending on development and production activities by the Omani NOCs, hybrid and independent operators as well as the major international oil and gas companies that make up the Company's customer base. Demand for the Company's services is driven in part by short-term and long-term demand trends for oil and natural gas, and resulting trends in oil and gas output levels and prices. If oil and natural gas prices decrease and/or global economic conditions deteriorate, there could be a material adverse impact on the liquidity and operations of some of the Company's customers, which could reduce demand for the Company's services.

In addition, while the two most recent declines in OPEC+ production quotas did not have a material impact on the demand for the Company's onshore oil and gas field services, any future decision by OPEC+ to limit or restrict oil production quotas could affect oil production levels in Oman.

Furthermore, certain of the Company's customer contracts are tied directly to oil prices. For instance, in 2015 the Company agreed with a customer that it would charge a day rate based on an oil price index. As a result, contract revenue from this customer decreased in 2020 due to the decline in global oil prices. Any future declines in oil prices could adversely affect the revenue the Company generates from these contracts.

A decrease in oil production in Oman for any of the above reasons or a decline in global oil prices could materially adversely affect the Company's business, financial condition, results of operations and prospects.

14. The Company is subject to numerous laws and regulations and any failure to comply with such laws and regulations, particularly those relating to the environment and health and safety, could expose it to liability.

The Company is subject to the laws and regulations of Oman, as well as certain laws and regulations of other jurisdictions. These include laws and regulations relating to taxation, antitrust, financial markets regulation, environmental protection, use, discharge and disposal of toxic or otherwise hazardous substances and explosives, management of natural resources, licences for resources owned by the Government, exploration and development of projects, oil and gas production and post-closure reclamation, the employment of expatriates, labour and occupational health and safety standards, historical and cultural preservation, sanctions and bribery and corruption.

In particular, the Company is subject to laws regulating air emissions, discharges to water, and the transport, storage, use, treatment, disposal and remediation of, and exposure to, solid and hazardous wastes and materials, as overseen in part by the Environment Authority of Oman (the "**EA**"), which has wide powers that include the implementation and enforcement of environmental regulations, including Royal Decree 114/2001 which promulgated the Law on Conservation of the Environment and Prevention of Pollution.

The risk of environmental damage is inherent in the oil and gas industry in which the Company operates, and may result from a variety of sources, including explosions, fires, equipment failures, gaseous and chemical leaks, hydrocarbon spills and other forms of contamination. To the extent environmental damage results from actions for which the Company is alleged or found to be responsible, the Company could incur significant legal and other costs (some or all of which may not be insured), including clean-up or other remediation costs, regulatory fines and penalties. Any failure to comply with applicable laws and regulations could also result in reputational damage to the Company, criminal sanctions or the suspension or termination of the Company's operations. In addition, new regulations may be proposed in the future and their effect on the Company's operations cannot be predicted. To the extent new laws are enacted or other governmental actions are taken that prohibit or restrict development drilling for oil and gas in areas where the Company operates or imposes additional environmental protection requirements that result in increased costs to the oil and gas industry in general, or the drilling industry in particular, demand for the Company's services could suffer, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. While the Company seeks to comply with environmental regulations applicable to it, there can be no assurance that the Company will be in compliance in the future, whether due to changes in the law, its operations or otherwise.

The oil and gas sector also involves significant health and safety risks. In particular, the use of drilling equipment could result in loss of life or serious injury to employees and others. While the Company believes that its recordable incident rate reflects the performance of its HSE policies and procedures, it cannot guarantee that employee or third-party injuries or fatalities will not occur as a result of accidents, unforeseen events, breaches of its policies and procedures or breaches of applicable safety legislation in the future. Any such incident, regardless of the underlying cause, may result in disruption to the Company's operations, cause reputational harm or subject the Company to liability for damages, penalties and/or compensation.

If the Company fails to comply with existing laws and regulations, is required to comply with more stringent laws and regulations in the future, or if more vigorous enforcement policies are pursued by applicable regulatory authorities (including governmental audit agencies), the Company could be exposed to material additional costs, including as a result of the installation and operation of systems for remedial measures or the payment of fines, penalties, damages or compensation, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

15. The Company is exposed to risks related to climate change.

The physical and transition risks of climate change are becoming ever more apparent and have the potential to pose an increasing threat to the Company's business. Climate change risks include physical risks resulting from changing climate and weather patterns and extreme weather-related events, as well as transition risks resulting from the process of adjustment towards a lower carbon, climate-resilient or environmentally sustainable economy (including policy changes, legislative changes, technological progress and behavioural changes). Both physical risks and transition risks can have financial consequences, for example through higher insurance settlements or disruptions to operations.

The Government has introduced, and is expected to continue to introduce, increasingly stringent rules, regulations and policies designed to achieve targeted outcomes with respect to other environmental issues as well. In addition, in October 2022, His Majesty the Sultan of Oman directed Omani authorities to improve environmental performance and alleviate the impact of operations on climate change, with the goal of making Oman a net-zero carbon emissions producer by 2050. To achieve this goal, a national plan has been drafted and the Oman Sustainability Centre has been established to oversee the transition of Oman to a sustainability hub. These and other regulations, rules, policies and initiatives may increase compliance costs for the Company, and could increase asset impairments and result in regulatory fines, litigation and/or reputational damage if the Company fails to comply with such requirements and/or is unable to implement required reforms in a timely fashion. A failure to identify and adapt the Company's business to meet new rules or evolving expectations, or any perception that the Company is under-performing relative to its peers or that it is failing to meet its environmental objectives, could also result in investors divesting their shares in the Company.

16. The Company is subject to compliance risks associated with anti-bribery, anti-corruption and economic or trade sanction regulations.

The Company is subject to anti-bribery and anti-corruption laws in Oman, and any further expansion into markets outside of Oman may subject the Company to the requirements of anti-bribery and anti-corruption laws in such other jurisdictions. In addition, as the Company sources equipment and parts from various countries, including the US and countries in Asia, its activities can also be subject to economic and trade sanctions and export control laws and regulations in countries outside of Oman. The terms of the legislation and other rules and regulations which establish anti-money laundering, anti-bribery, economic or trade sanction and related regimes are often broad in scope and difficult to interpret. There can be no assurance that the Company's corporate governance, compliance and ethics policies and procedures (including with respect to sanctions and trade restrictions, anti-bribery and anti-corruption) will protect it from business activities that violate economic or trade sanctions or from the improper conduct of its employees or business partners, which could result in substantial civil or criminal penalties and reputational damage. If the Company were to fail to comply with applicable sanctions, the Company could be subject to substantial fines, sanctions, deferred settlement agreements, penalties, or limitations on its ability to operate or expand into certain jurisdictions, or its customers may terminate their contracts, which could materially adversely affect its business, financial condition, results of operations and prospects.

17. The Company's operations are subject to litigation and other legal and regulatory proceedings.

From time to time, the Company has been party to ordinary course litigation and may, in the future, be involved in various litigation matters or regulatory proceedings. These matters may include, among other things, contract disputes, personal injury claims, environmental claims or proceedings, employment disputes, governmental claims for duties or other litigation or regulatory investigations that may arise in the ordinary course of the Company's business. The Company cannot predict with certainty the outcome or effect of any claim or other litigation matter. The Company's insurance policies may not be applicable or sufficient in all cases to compensate the Company for losses associated with litigation. To the extent that one or more pending or future litigation matters is not resolved in the Company's favour and is not covered in full by its insurance, such matters may have a material adverse effect on its business, financial condition, results of operations and prospects.

18. Liability claims resulting from catastrophic incidents could materially adversely affect the Company.

Drilling for hydrocarbons, and the associated well services and products that the Company provides, include inherent dangers that may lead to property damage, personal injury, death or the discharge of hazardous materials into the environment. Many of these events are outside the Company's control. Typically, the Company provides drilling and the associated well services and products at a well site where its personnel and equipment are located together with personnel and equipment of its customer and third parties, such as other service providers. From time to time, personnel may be injured, or equipment or property may be damaged or destroyed, as a result of accidents, failed equipment, faulty products or services, failure of safety measures, uncontained formation pressures or other dangers inherent in drilling for, and providing associated well services for, oil and natural gas. Any of these events can be the result of human error. Generally, the Company relies on customers' contractual indemnities, releases and limitations on liabilities as well as on the Company's insurance policies, to protect it from potential liabilities related to such events. However, such events may expose the Company to significant potential losses to the extent the Company is deemed liable for such events and they are not covered by, or are excluded from, its indemnities or insurance policies. This could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

19. The Company's insurance and indemnities from its customers may not be adequate to cover potential losses from its operations.

The Company's operations are subject to the hazards inherent in oil and gas field services. While the Company maintains insurance policies, and its drilling, workover and well services contracts contain rights to indemnities up to certain limits that are intended to cover certain losses, the Company may not have insurance coverage or rights to indemnities for all possible risks.

In addition, indemnities which the Company has from customers or counterparties may not be easily enforced and may be of limited value if the relevant customers or counterparties do not have adequate resources to make payments thereunder. The occurrence of an event which is not fully insured or indemnified against, or the failure of a customer, counterparty or insurer to meet its indemnification or insurance obligations, could result in substantial losses for the Company. In addition, there can be no assurance that insurance will be available to cover any or all of these risks, or, even if available, that insurance premiums or other costs will not rise significantly in the future so as to make the cost of such insurance prohibitive. If the Company needs to file a claim that is not covered by insurance, is in excess of policy limits, is subject to substantial deductibles or is not limited by contractual limitations of liability, this could materially adversely affect the Company's business, financial condition, results of operations and prospects.

20. The Company relies on debt financing arrangements to fund a significant portion of its capital expenditure for new income-generating assets, and an inability to procure financing on acceptable terms or at all may restrict its ability to take certain actions or achieve its strategy.

The Company uses debt financing arrangements to fund a significant portion of the capital expenditures it requires for new income-generating assets. These debt financing arrangements principally comprise term loans with associated repayment schedules, as well as working capital facilities, and it expects to continue to require new debt financing arrangements from time to time. However, there can be no assurance that it will be able to obtain such financing on attractive terms or at all. The Company's ability to access financing, on attractive terms or at all, could be adversely affected by, among other things, the Company's existing capital structure, any material breach of the Company's existing debt financing covenants, changes in laws and regulations or the interpretation thereof and adverse market conditions resulting from, among other things, general economic, political and social conditions prevailing in Oman or elsewhere, the health or market perceptions of the oil and gas field services market, as well as other contingencies and uncertainties that are beyond the Company's control. In addition, many of the factors that affect the Company's ability to access financing, such as the liquidity of the overall capital markets, are outside of the Company's control. As such, no assurance can be given that the Company will be able to access debt financing on acceptable terms or at all.

The Company has not mortgaged any of its assets. However, all of the Company's debt financing agreements are asset-specific, and revenue generated from the underlying asset must be deposited in, and assigned for the benefit of, an account with the corresponding lender bank. The Company's debt financing agreements include covenants with which it must comply, and one of its facilities includes a covenant that the Company's leverage will not exceed 2.33x during the tenure of the facility. The Company's facilities entitle the relevant lender to cancel, suspend or reduce access to the facility in the event of a material breach of any of its covenants. Under certain of these arrangements, in the event of a material breach of a covenant, such as an event of default, the relevant lender may accelerate the outstanding amounts under the facilities or the loans and may claim against the cash revenue in the relevant bank account. In addition, prior lender approval is required for a change in majority control. A failure by the Company to comply with the terms of its remaining outstanding loans and facilities, including in respect of financial (or other) covenant compliance, or its inability to pay any remaining outstanding loans and facilities when due, could give rise to an acceleration of its payment obligations under the relevant loan or facility. Furthermore, while the Company's leverage ratio as at 30 September 2022 was 0.96x, any future increases in the leverage ratio could restrict the Company's ability to take certain actions or efficiently and quickly grow its business. Any of these consequences could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

21. Increases in interest rates may adversely affect the Company's financial condition.

The Company maintains borrowings in both Omani Rial and US Dollars. Of its two Omani Rial-denominated debt financings, one incurs interest at a fixed rate with an annual rate reset, and the other incurs interest at the CBO's weighted average interest rate on deposits ("**WAIRD**") for private sector deposits, plus a fixed margin. Its US Dollar-denominated debt incurs interest at fixed margins plus the five-day lookback secured overnight financing rate ("**SOFR**") or three-month London Interbank Offer Rate ("**LIBOR**"). Interest rates are highly sensitive to many factors beyond the Company's control, including the monetary policies of the Government and the CBO, as well as changes in SOFR and LIBOR rates. Notwithstanding the peg of the Omani Rial to the US Dollar, the CBO has not followed each of the US Federal Reserve Bank interest rate rises with matching interest rate rises in Oman. However, the CBO has increased interest rates several times in 2022, and the benchmark inter-bank interest rate in Oman is currently 4.50 per cent. In addition, given the Company's US Dollar-denominated floating rate debt, the Company is also affected by changes in the US Federal Reserve Bank's interest rates, which have been consistently increasing since the first quarter of 2022. Because the Company does not engage in interest rate hedging activities, any increase in relevant interest rates would result in an increase in the Company variable interest rate expense. For example, a change of 20 basis points in interest rates as at 31 December 2021 would have decreased the Company's equity by OMR 139 thousand. As such, any changes in the interest rates set by either the CBO or the US Federal Reserve Bank may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

22. The failure to recruit and retain management and other personnel could materially adversely affect the Company's operations.

The Company relies on its senior management to implement its strategy and direct its day-to-day operations. There is considerable competition in Oman for management personnel, especially at the senior management level, due to a disproportionately low number of available qualified or experienced individuals. No member of the Company's senior management team is subject to non-compete or non-solicitation restrictions. In addition, the Company depends on the continuing efforts of skilled personnel to operate and provide technical services and support for its business. In particular, competition for the personnel required for drilling operations has intensified in Oman as the number of rigs activated, added to fleets or under construction increased, leading to shortages of such personnel in the industry and creating upward pressure on wages and higher turnover.

The loss of any member of the Company's senior management team or the loss of any of the Company's other key employees may result in a loss of organisational focus, poor execution of operations or an inability to identify and execute potential strategic initiatives, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In general, Oman relies in part on expatriate labour, ranging from unskilled labourers to highly skilled professionals, in many industries, and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to Oman. However, the Government aims to increase domestic employment as part of its Omanisation initiative, the goals of which are to employ Omani citizens in a meaningful and efficient manner in the public and private sectors and to reduce the country's reliance on foreign workers. Under the initiative, companies are required to employ Omanis in certain management, administrative, technical and other positions, and must maintain an overall Omanisation rate of 80 per cent. In addition, certain of the Company's customer contracts require the Company to maintain even higher Omanisation rates for specific jobs, such as 100 per cent. Omanisation for unskilled and semi-skilled labour. While the Company has maintained an Omanisation rate of over 90 per cent. for each of the years ended 31 December 2019, 2020, 2021 and 2022, it may nevertheless find it difficult to recruit people in Oman with the relevant qualifications. If it is unable to do so and cannot hire suitably qualified expatriates, its business, financial condition, results of operations and prospects could be materially adversely affected.

23. The Company's information technology systems are subject to cybersecurity risks and threats.

The Company depends on digital technologies to conduct its operations, to collect payments from customers and to pay vendors and employees. Threats to the Company's information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow. In addition, breaches to the Company's systems could go unnoticed for a period of time. Risks associated with these threats include disruptions to the Company's IT networks and systems (including its back office systems and systems on its rigs); other impairments of the Company's ability to conduct its operations; loss of employee or customer data or other valuable information; disruption of the Company's customers' operations and potential resultant liability to affected customers; loss or damage to the Company's customer data delivery systems; potential liability for breach of data protection laws or regulations, or other regulatory violations; and increased costs to prevent, respond to or mitigate cybersecurity events. If a cyber-incident or other material IT disruption was to occur and any of these consequences were to result, it could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

24. The Company is subject to risks relating to the integrity, reliability and efficiency of its internal control over financial reporting.

The Company's business relies on internal controls and procedures that regulate customer and management information, finance, credit exposure and other aspects of its business. There can be no assurance that the Company's controls and procedures will be adequate for the Company's requirements generally or its requirements as a publicly-listed company. If material weaknesses in the Company's internal control over financial reporting occur in the future, the Company's financial statements may contain material misstatements, it could be required to restate its financial results and investors could lose confidence in the Company's reported financial information. In addition, if the Company is unable to produce accurate and timely financial statements, the market price of its shares may be adversely affected.

25. The Company's management has no experience managing companies listed on public stock exchanges.

Prior to Admission, the Company has been managed as a closely held joint-stock company, and none of the members of senior management have experience in managing public companies listed on the MSX or other public markets. In addition, the CEO of the Company, Mr Saif Al Hamhami, joined the Company in September 2022. Senior management, together with the Board of Directors (the "**Board**"), will be required to ensure the Company's compliance with MSX and Omani regulatory and disclosure rules with which they may not be familiar and which could divert their attention from overseeing and managing the Company's business and strategy. The Company's failure to abide by the laws and regulations imposed on listed companies, disclosure requirements and continuing obligations in a timely manner and without any delay could result in the Company violating the rules set by the MSX or other regulatory authorities, which could lead to the imposition of fines or penalties or the suspension of the Company's listing on the MSX, any of which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

26. The Company has engaged and expects to continue to engage in transactions with certain related parties.

During the periods under review, the Company has engaged in related party transactions with, inter alia, OQ EP, and Oman Oil Marketing Company SAOG, over which OQ has the ability to control or exercise significant influence in financial and operating decisions. These transactions were conducted in the ordinary course of business on terms that were comparable with those that could be obtained from unrelated third parties. Notwithstanding the foregoing, conflicts of interest may arise between the Company and such related parties, potentially resulting in changes to, or the conclusion of, transactions on terms not determined by market forces. See "*Chapter XV—Related Party Transactions and Material Contracts*".

27. The assumptions made in preparing the financial and operational targets included in this Prospectus may prove incorrect, incomplete or inaccurate and the Company's results may differ materially from the financial and operational targets.

The Company's financial and operational targets included in this Prospectus reflect numerous assumptions made by Management. These assumptions relate to commercial expectations and other external factors, including political, legal, fiscal, market or economic conditions or in applicable legislation, regulations or rules (including, but not limited to, tax laws, accounting policies and accounting treatments), all of which are difficult to predict and are beyond the Company's control. Accordingly, there is a risk that the assumptions made in preparing the financial and operational targets and outlook could prove incorrect or incomplete and there may be differences between the Company's actual and targeted results, which could be material in nature and impact the price of the Shares. In addition, unanticipated events may adversely affect the actual results that the Company achieves in future periods, whether or not its assumptions relating to financial and operational targets otherwise prove to be correct. The inclusion of the financial and operational targets in this Prospectus should not be regarded as an indication that the Company or Management considered or consider such financial or operational targets to be achievable or reliable predictions of future events. Accordingly, investors are strongly urged not to place undue reliance on any of the financial and operational targets set forth herein. For further discussion on financial and operational targets as forward-looking statements, see *"Forward-Looking Statements".*

28. Oman may be affected by political developments in the MENA region or elsewhere.
Oman enjoys domestic political stability and generally healthy international relations. However, Oman is, and will continue to be, affected by political developments in or affecting the wider MENA region, and investors' reactions to developments in any country in the MENA region may affect securities of issuers in other markets, including Oman. Furthermore, other world events, including the ongoing war in Ukraine, could have an impact on Oman's political and security situation. Oman pursues an independent foreign policy and, although it aims to maintain its cordial relationship with the United States, a shift in the relationship between Oman and the United States and/or other countries across the region or changing US political priorities in the region could have a material adverse effect on Oman's economic, political or financial condition, which, in turn, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

29. Changes in Omani tax laws could adversely affect the Company.
The Financial Statements have been prepared based on the current tax laws in Oman. The Omani Tax Law promulgated by Royal Decree 28/2009 was amended in 2017 by Royal Decree 9/2017 and Royal Decree 188/2020 to expand the scope of withholding tax to dividends, interest payments and services fees and the Government may adjust the tax laws from time to time in the future. Changes in tax laws may increase the tax burden for the Company, thereby adversely affecting its financial position, results of operations and dividend distribution capabilities.

30. The Company's financial condition and results of operations may be adversely affected if the existing US$/OMR exchange peg were to be removed or adjusted.
The Company's operations are based exclusively in Oman and its principal functional and reporting currency is the Omani Rial, which is pegged to the US Dollar. Although the Omani Rial has been pegged to the US Dollar at a rate of OMR 0.3851 to US$1.00 since 1986, there can be no assurance that the CBO will continue to maintain this fixed rate in the future, particularly if there continues to be increased demand for the US Dollar for any reason. If the CBO cannot maintain the currency peg to the US Dollar or, failing that, a stable exchange rate versus the US Dollar, it could reduce confidence in Oman's economy, reduce foreign direct investment and adversely affect Oman's finances and economy and ability to service its debt.

Because of the currency peg to the US Dollar, the CBO's ability to independently manage interest rates and thus influence the condition of the Omani economy through monetary policy actions is constrained. For example, if the US Federal Reserve were to increase interest rates, and the CBO were to delay significantly in increasing its own rates, this could result in significant pressure on the currency peg.

As at 30 September 2022, 63 per cent. of the Company's revenue was in US Dollars, with the balance being denominated in Omani Rial. Conversely, the majority of the Company's operating expenses are denominated in Omani Rial, with the balance denominated in US Dollars. However, as a result of the currency peg, the Company is not currently exposed to any associated risk. The Company's indebtedness is also denominated in Omani Rial and US Dollars. The removal or adjustment of the US$/OMR exchange peg could have a material impact on the Company's financial results due to the impact thereon of currency translation effects, and could also affect the impact that the Company's US Dollar-denominated borrowing has on its financial results. Any of these consequences could adversely affect the Company's business, financial condition, results of operations and prospects.

Risks Relating to the Offer and to the Shares

31. After the Offer, OQ will continue to be able to exercise control over the Company, its management and its operations.
As at the date of this Prospectus, the Selling Shareholders, which are indirectly wholly-owned by the Government (through the Oman Investment Authority), hold 100 per cent. of the Company's Share Capital, and immediately following the Offer, OQ (through OQ EP) will continue to hold at least 51 per cent. of the Company's Share Capital assuming that the Selling Shareholders sell all of the Shares being offered in the Offer and that the size of the Offer is not increased. As a result, OQ and the Government will continue to be able to exercise control over the Company's management and operations and over matters requiring the consent of the Company's shareholders, such as in relation to the payment of dividends and the election of the members of the Board and other matters. There can be no assurance that the interests of OQ and the Government will coincide with the interests of purchasers of the Shares. For example, decisions made by OQ may be influenced by the need to consider the social benefit of any investment to Oman and its nationals or other factors, including the ability of OQ to generate dividends or other returns for Oman in light of Oman's current fiscal challenges. In the absence of any specific investment restrictions, including those aimed at avoiding concentrations in particular countries, regions or industrial sectors or designed to mitigate other potential investment risks, such decisions may prove to be more risky or less profitable than decisions that might otherwise have been made. In addition, neither OQ nor the Government are obliged to provide any financial or other support to the Company.

Furthermore, OQ's significant ownership of Shares may (i) delay or deter a change of control of the Company (including deterring a third party from making a takeover offer for the Company), (ii) deprive shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company, and (iii) affect the liquidity of the Shares, and any of these factors could have a material adverse effect on the market price of the Shares.

32. Substantial future sales of Shares by OQ EP could depress the price of the Shares.
Sales of a substantial number of Shares by OQ EP following the completion of the Offer may significantly reduce the Company's share price. OQ EP has agreed in the Institutional Settlement Agreement (as defined below) to certain restrictions on its ability to sell, transfer and otherwise deal in its Shares for a period of 180 days from the Settlement Date, except in certain limited circumstances, unless otherwise consented to by the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed). Nevertheless, the Company is unable to predict whether substantial amounts of Shares (in addition to those which will be available

in the Offer) will be sold in the open market following the completion of the Offer. Any sales of substantial amounts of Shares in the public market, or the perception that such sales might occur, could materially and adversely affect the market price of the Shares.

33. Future issuances of Shares may dilute the holdings of shareholders and may depress the price of the Shares.

The Company has agreed in the Institutional Settlement Agreement to certain restrictions on its ability to issue, sell, transfer and otherwise deal in its Shares for a period of 180 days from the Settlement Date, except in certain limited circumstances, unless otherwise consented to by the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed). It is possible that the Company may decide to offer additional Shares or securities convertible into Shares in the future, including in the form of stock-based compensation. Future sales could dilute the holdings of shareholders, adversely affect the prevailing market price of the Shares and impair the Company's ability to raise capital through future sales of equity securities.

34. The Offer may not result in an active or liquid market for the Shares, and trading prices of the Shares may be volatile and may decline. In addition, the MSX is significantly smaller in size than other established securities markets, which may also affect liquidity in the Shares.

Prior to the Offer, there has been no public trading market for the Shares. The Company cannot guarantee that an active trading market will develop or be sustained following the completion of the Offer, or that the market price of the Shares will not decline thereafter below the Offer Price. The trading price of the Shares may be subject to wide fluctuations in response to many factors, as well as stock market fluctuations and general economic conditions or changes in political sentiment that may adversely affect the market price of the Shares, regardless of the Company's actual performance or conditions in Oman.

The Company will apply for the Shares to be listed on the MSX. The MSX was established in 1988, but its future success and liquidity in the market for the Shares cannot be guaranteed. The MSX is substantially smaller in size and trading volume than other established securities markets, such as those in other GCC countries, the United States and the United Kingdom. As at 30 September 2022, the securities of 129 companies were traded on the MSX. The total market capitalisation of the MSX as at 30 September 2022 was approximately OMR 23.1 billion. The MSX had an average daily trading volume of OMR 4.1 million in the nine months ended 30 September 2022.

These factors could generally decrease the liquidity and increase the volatility of share prices on the MSX, which in turn could increase the price volatility of the Shares and impair the ability of a holder of Shares to sell any Shares on the MSX in the desired amount and at the price and time achievable in more liquid markets.

35. The Company may not pay dividends on the Shares. Consequently, investors may not receive any return on investment unless they sell their Shares for a price greater than that which they paid for them.

While the Company intends to pay dividends in respect of the Shares, there can be no assurance that it will do so. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, applicable law and regulations, the Company's results of operations, financial condition, cash requirements, contractual restrictions, its future projects and plans and other factors that the Board may deem relevant. As a result, investors may not receive any return on an investment in the Shares unless they sell their Shares for a price greater than that which they paid for them. For further details, see "Chapter XIV–Dividend Policy".

36. It may be difficult for shareholders to enforce judgments against the Company in Oman, or against the Company's directors and senior management.

The Company is in the process of being converted into a public joint stock company incorporated in Oman. All of the Company's directors and all of its officers reside outside the United Kingdom and the EEA. In addition, all of the Company's assets and those of its directors and senior management are located outside the United Kingdom and the EEA. As a result, it may not be possible for investors to effect service of process outside Oman upon the Company or its directors and senior management or to enforce judgments obtained against them in courts outside Oman, including judgments predicated upon the civil liability provisions of the securities laws of the United Kingdom or the EEA.

37. The application for listing of the Shares on the MSX may not be successful

The Settlement Date for the Offer is expected to be on or about 9 March 2023, and all investors will be required to make full payment for the Shares prior to this date. However, the Company expects the Listing Date to be on or about 14 March 2023. As such, investors will not know on the Settlement Date if the application for listing has been approved. If Admission does not become effective within seven working days of the proposed Listing Date, then (i) the Offer shall automatically terminate, (ii) the Selling Shareholders shall refund all monies received from investors, and (iii) investors who purchased Shares in the Offer will be required to return the Shares they have purchased to the Selling Shareholders.

Chapter V
Use of Proceeds

The Offer does not represent an issuance of new Shares. The Offer represents the divestment of Shares currently held by the Selling Shareholders. The proceeds of the Offer shall therefore accrue to the Selling Shareholders, and the Company will not receive any proceeds from the sale of the Shares in the Offer. Offer expenses will be paid by the Selling Shareholders.

Chapter VI
Capitalisation

The following information should be read in conjunction with *"Presentation of Financial, Industry and Market Data"*, *"Chapter XIII–Operating and Financial Review"* and *"Chapter XXIV–Historical Financial Statements"*, including the notes thereto, included elsewhere in this Prospectus.

The following table, which has been extracted from the Interim Financial Statements without adjustment, sets out the Company's capitalisation and indebtedness as at 30 September 2022.

	As at 30 September 2022
	(OMR million)
Current debt (including current portion of non-current debt)	
Guaranteed	-
Secured	-
Unguaranteed/unsecured	19.0
Lease liabilities - current portion	1.7
Total current debt	**20.7**
Non-current debt (excluding current portion of non-current debt)	
Guaranteed	-
Secured	-
Unguaranteed/unsecured	78.5
Lease liabilities - non-current portion	3.6
Total indebtedness	**102.8**
Shareholder's equity	
Share capital	77.0
Legal reserve	8.9
Retained earnings	56.8
Total capitalisation	**142.7**
Total capitalisation and indebtedness	**245.5**

As at the date of this Prospectus, there has been no material change in the Company's capitalisation since 30 September 2022.

For a discussion of the Company's contingent liabilities, see *"Chapter XIII–Operating and Financial Review–Financial Liabilities and Contractual Obligations–Contingent liabilities"*.

Chapter VII
Objects and Approvals

Overview

The Company was incorporated and registered with the Ministry of Commerce, Industry and Investment Promotion on 24 May 2006 with commercial registration number 1844555. On 13 December 2022, an EGM of the shareholders of the Company was held and it was resolved that the Company be converted into a public joint stock company (SAOG). This conversion process is expected to be completed following allocation of the Shares to the investors and the Shares being listed on the MSX on the Listing Date. The Company's core business activity is drilling and providing oil and gas field services and well engineering solutions. As at the date of this Prospectus, the capital of the Company is owned by the shareholders as follows:

Name of Shareholder	Number of Shares Held	Proportion of Share Capital Owned
OQ EP[1]	693,179,400	90%
OOCEP HL[2]	77,019,590	9.999%
MGP[3]	1,010	0.001%

Notes:
(1) OQ EP is 100 per cent. owned by OQ SAOC, which is 100 per cent. owned by the Oman Investment Authority.
(2) OOCEP HL is 100 per cent. owned by OQ EP.
(3) MGP is 90 per cent. owned by OQ EP and 10 per cent. owned by OOCEP HL.

It is intended that following completion of the Offer, and assuming that the Selling Shareholders sell all of the Shares being offered in the Offer and that the size of the Offer is not increased, the Company's share capital will be owned as follows:

Name of Shareholder	Number of Shares Held	Proportion of Share Capital Owned
OQ EP	392,802,000	51%
Saudi Omani Investment Company	75,479,600	9.8%
Royal Court Affairs	37,739,800	4.9%
Schlumberger Oman & Co LLC	37,739,800	4.9%
Others	226,438,800	29.4%
Total	**770,200,000**	**100.0%**

On the date of this Prospectus, the Company holds the following permits and licences which are material to the ongoing operation of its business:

Ministry of Commerce, Industry, and Investment Promotion: Commercial Registration

Commercial Registration Number: 1844555

Date of registration: 24 May 2006

Expiry date: 10 May 2026

Registered and licensed commercial activities

- 331206: Repair and maintenance of parts specialised for general purpose machinery and equipment
- 521002: Goods warehouses
- 091002: Service activities incidental to extraction of petroleum and natural gas, excluding surveying
- 854907: Administration of vocational training institutes
- 712001: Testing and analysing laboratories
- 461003: Activities of export and import offices

Date and Place of Registration of the Company's Branches:	(i) Registration ID: 45733086 Registration Date: 31 January 2021 Place: South Moolah/Al Seeb/Muscat. (ii) Registration ID: 45527325 Registration Date: 18 April 2018 Place: North Aludhaybah/Bousher/Muscat. (iii) Registration ID: 32200686 Registration Date: 09 October 2013 Place: Misfah Al Hadriyah (Ash Sharqiyah)/ Bousher/Muscat. (iv) Registration ID: 45538585 Registration Date: 05 June 2018 Place: Adam, Adam, Al Dakhiliyah (v) Registration ID: 45724988 Registration Date: 18 January 2021 Place: Adam, Adam, Al Dakhiliyah

Oman Chamber of Commerce & Industry: Membership

Number: 3440

Expiry date: 26 May 2023

Licence for Service Activities incidental to extraction of petroleum and natural gas

Granted on: 18 December 2022

Expiry date: 18 December 2023

Licence for Administration and Vocational Training Institutes

Granted on16 February 2021

Expired on: 16 February 2027

Licence for Activities of Export and Import Offices

Granted on: 18 December 2022

Expiry date: 18 December 2025

Licence for Goods Warehouses

Granted on: 5 May 2021

Expiry date: 5 May 2024

Licence for Testing and Analysing Laboratories

Granted on: 18 January 2021

Expiry date: 18 January 2024

Licence for the Repair and Maintenance of Parts Specialised for General Purpose Machinery and Equipment

Granted on: 5 May 2021

Expiry date: 5 May 2024

Articles of Association

The principal objectives for which the Company is established are providing drilling, workover, hydraulic fracturing, cementing, other well services and well engineering solutions to the oil and gas sector in the Sultanate of Oman.

A copy of the Memorandum and Articles is available for perusal at the head office of the Company during business hours on any business day at:

MOD Pension Fund Building, Fourth Floor
Building No. 420
Plot No. 944
Block No: 11 TH
Way No:1005
Al-Mawaleh
Sultanate of Oman

Resolutions Passed

At the EGM held on 13 December 2022, among other things, the following resolutions were unanimously passed:

(a) conversion of the Company from an SAOC to a SAOG, a process which is expected to be completed following allocation of the Shares to investors and the Shares being listed on the MSX on the Listing Date;

(b) adoption of new articles of association for the Company which are in line with the requirements of the CMA and in the form produced to the meeting; and

The Company's Board also resolved to split the Shares of the Company's Share Capital by reducing the nominal value of the Shares from OMR 1 per Share to Bzs 100 per Share, with the result that the issued share capital of the Company was amended to comprise 770,200,000 Shares with a nominal value of Bzs 100 each.

Continuing Obligations

In accordance with the CCL, all obligations of the Company which existed prior to its conversion into an SAOG shall continue in the converted company. The conversion is expected to be completed following allocation of the Shares to investors and the Shares being listed on the MSX on the Listing Date.

Chapter VIII
Shareholding Details

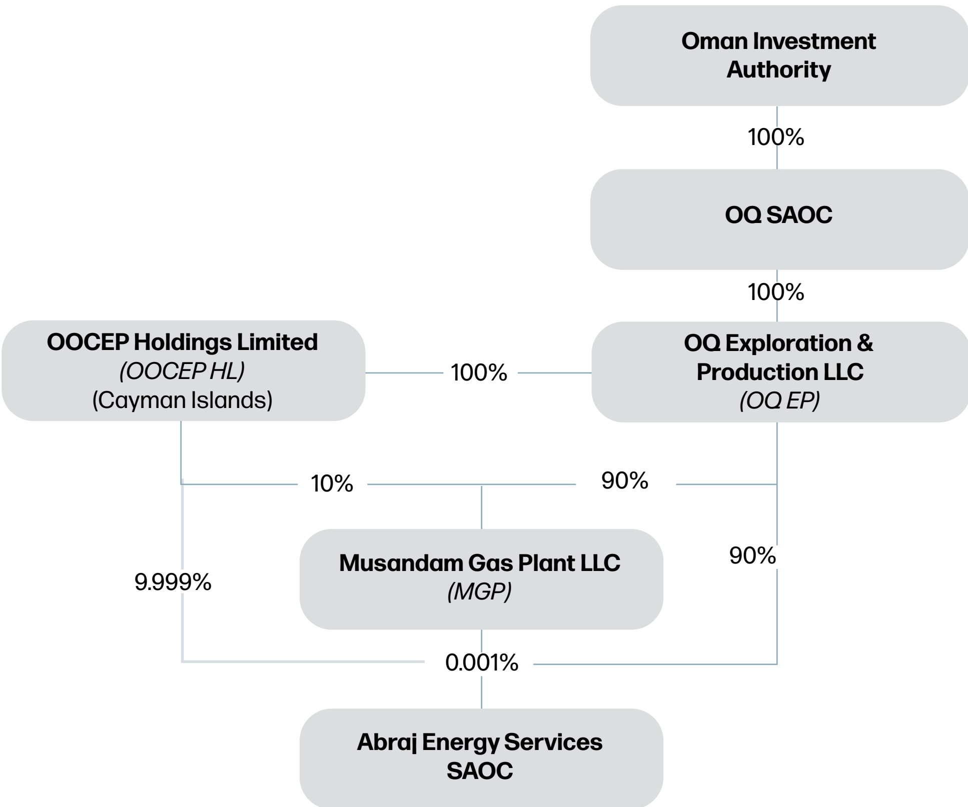
Equity Structure of the Company at Incorporation

The Company was incorporated with an initial Authorised Share Capital of OMR 200,000,000, and a Share Capital of OMR 77,020,000. The Share Capital is currently divided into 770,200,000 ordinary shares with a nominal value of Bzs 100 each. The following table provides details of the Share Capital of the Company prior to the Offer:

Name of Shareholder	Number of Shares Held	Proportion of Share Capital Owned
OQ EP(1)	693,179,400	90%
OOCEP HL(2)	77,019,590	9.999%
MGP(3)	1,010	0.001%

Notes:
(1) OQ EP is 100 per cent. owned by OQ SAOC, which is 100 per cent. owned by the Oman Investment Authority.
(2) OOCEP HL is 100 per cent. owned by OQ EP.
(3) MGP is 90 per cent. owned by OQ EP and 10 per cent. owned by OOCEP HL.

The following chart sets out the Company's ownership structure prior to the Offer.

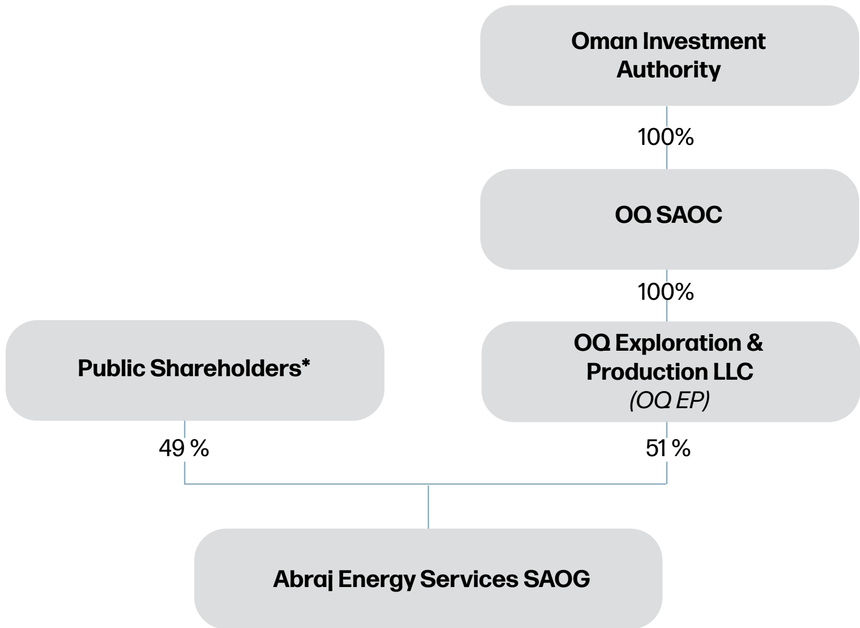


Equity Structure After the Offer

Immediately after the completion of the Offer, and assuming that all of the Shares which are part of the Offer are sold, the Company's Share Capital will remain OMR 77,020,000 and will be held as follows:

Name of Shareholder	Number of Shares held immediately following the Offer	% of Total Share Capital
OQ EP	392,802,000	51%
Saudi Omani Investment Company	75,479,600	9.8%
Royal Court Affairs	37,739,800	4.9%
Schlumberger Oman & Co LLC	37,739,800	4.9%
Others	226,438,800	29.4%
Total	**770,200,000**	**100.0%**

The following chart sets out the Company's ownership structure immediately following the Offer, assuming that the Selling Shareholders sell all of the Shares being offered in the Offer and that the size of the Offer is not increased:



* Includes the Anchor Investors

Brief Profile of the Selling Shareholders

OQ EP

OQ EP is a wholly owned subsidiary of OQ SAOC (together with its subsidiaries, the "**OQ Group**"), which in turn is 100 per cent. owned by the Oman Investment Authority. The OQ Group is Oman's leading integrated energy group with core businesses operating across the oil and gas value chain. OQ EP covers the OQ Group's oil and gas exploration, development and production business. OQ EP has proven capabilities to explore and operate conventional and tight oil and gas onshore fields, and, as part of global integrated energy company, it is well positioned to adapt and test new technological solutions for safer and sustainable oil and gas exploration and extraction.

OOCEP Holdings Limited

OOCEP HL, a wholly owned subsidiary of OQ EP, was established solely for investment in the oil and gas sector in Oman.

MGP

MGP, a subsidiary of OQ EP and OOCEP HL, was established solely for investment in the oil and gas sector in Oman.

Chapter IX
Overview of the Omani Economy

Location

Strategically positioned at the crossroads of Asia and Europe, Oman has historically been a centre of trade and commerce. With a population of approximately 4.53 million as at 31 December 2021, and spread over a land area of 309,500 km^2, Oman is a country with stable political, economic and social systems. Oman is administratively divided into 11 governorates, which are further divided into 61 provinces or wilayats. Oman's capital city is Muscat, which is situated on the north-east coast of the country.

Government

His Majesty Sultan Haitham bin Tariq Al Said succeeded His Majesty Sultan Qaboos bin Said Al Said after the demise of His Majesty Sultan Qaboos bin Said Al Said in January 2020. His Majesty Sultan Haitham bin Tariq Al Said, as Head of State, presides over the Council of Ministers. The Council of Ministers assists His Majesty in framing and implementing the general policies of Oman. The Basic Law of Oman (the "**Basic Law**") serves as the basis of a constitution governing state affairs. The Basic Law establishes a bicameral system, known as the Majlis Oman, or Council of Oman, and comprises the appointed State Council and the elected Shura Council. The members of each chamber serve in an advisory capacity, although the members of both chambers may also propose legislation.

International Relations

Oman maintains strong relations with its neighbours, as well as a wide range of Western and other countries. Oman has enjoyed political and economic stability over the past 50 years and is a member of various prominent international organisations, including the United Nations, the International Monetary Fund, the International Bank for Reconstruction and Development and the World Trade Organization.

Regionally, Oman is a founding member of the GCC (alongside five other Arab Gulf states: Bahrain, the KSA, Kuwait, Qatar and the UAE). Oman is also a member of the GCC's Permanent Petroleum Cooperation Committee which is charged with preparing the long-term petroleum strategy of the GCC in accordance with its sustainability goals.

Key Economic and Social Indicators

The following table shows a selection of key economic and social statistics for Oman for the periods indicated:

Particulars	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
GDP at market prices (OMR billion)	**26.3**	**25.2**	**27.1**	**30.7**	**29.3***	**24.7#**	**33.0**
Population (million)	4.16	4.41	4.56	4.60	4.62	4.47	4.53
Per capita GDP at market prices (OMR)	6,326	5,701	5,952	6,667	6,356	5,526	5,526
Annual inflation (%)	0.1	1.1	1.6	0.9	0.1	(0.9)	1.5
MSX market capitalisation (OMR billion)	15.8	17.3	17.9	18.2	18.8	20.2	22.1

Sources: NCSI; CBO Annual Reports; MSX Annual Statistical Bulletin; World Bank figures.
* Provisional
# Preliminary

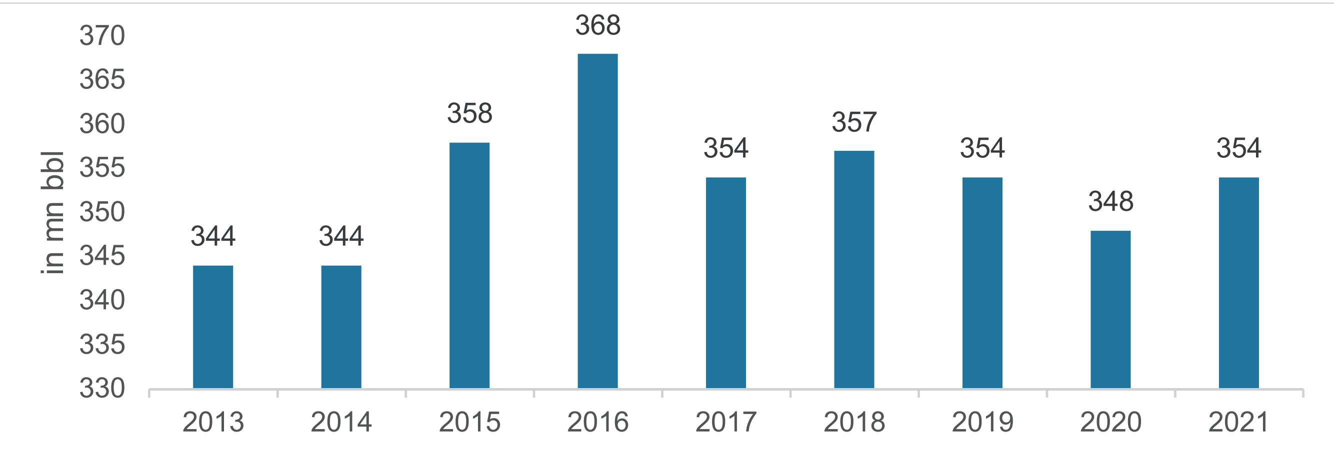
Economy

Oman has a credit rating of "BB" with a stable outlook from Fitch, "Ba3" with a positive outlook from Moody's Investors Service and "BB" with a stable outlook from Standard & Poor's.

The Omani Rial is pegged to the US Dollar at a fixed exchange rate of US$1 = OMR 0.385.

Since the discovery of oil, its extraction and exportation has served as the backbone of Oman's economy and is the principal contributor to the Government's revenue, exports and GDP. The Dubai Mercantile Exchange's Oman Crude Oil Futures Contract is now the third of three global crude oil benchmarks and sets the benchmark export price for crude oil produced in Oman and Dubai. Oman is the world's 20th largest producer of oil, as well as the 20th largest producer of gas, and held the world's 21st largest proven oil reserves and 28th largest proven gas reserves, according to the BP Statistical Review of World Energy 2020 report. The Government continues to focus on diversification of the economy in order to gradually reduce its dependence on hydrocarbon revenue, which accounted for approximately 31.1 per cent. and 31.9 per cent. of Oman's GDP for the years ended 31 December 2020 and 2021, respectively. The Government is committed to further non-oil industry growth in the future.

The graph below displays annual oil production in Oman during the period from 2013 to 2021:



Source: NCSI

Public Finance

The Ministry of Finance is responsible for Oman's fiscal policy, including the endorsement of the annual general state budget. The fiscal deficit numbers increased in 2020 after witnessing a stable or downward trend for three consecutive years, primarily due to the impact of Covid-19. A net preliminary fiscal deficit of OMR 1.2 billion was recorded in 2021, compared with OMR 4.4 billion in 2020, and a net fiscal deficit of OMR 2.7 billion in 2019. The higher deficit in 2020 was primarily driven by the impact of global pandemic and consequent lockdowns on the economic activity which led to revenue loss. However, due to the reforms undertaken and cost rationalisation initiatives, the Government was able to reduce the expenditure thus partially mitigating the impact of significant loss in revenue.

In 2021, the Government recorded total revenue of OMR 11.2 billion. In 2020, the Government recorded total revenue of OMR 8.5 billion compared with total revenue of OMR 10.4 billion in 2019; a decline of approximately 18.3 per cent. The decline in revenue was primarily due to the pandemic-related shock that the economy endured, leading to a significant decline in demand for oil products and consequent decline in average oil prices. While the budget for 2020 was prepared on the basis of US$58/bbl, the actual price realised for 2020 was US$48/bbl, approximately US$10/bbl lower than the budgeted price. The non-oil revenue for 2020 declined by approximately 3.0 per cent. as compared to 2019, primarily due to the relief provided by the Government to the economy in form of tax relief, waivers of rent and penalty fines and reduction of shipping and handling fees.

In 2021, the Government recorded total public expenditure of OMR 12.4 billion. In 2020, the Government recorded total public expenditure of OMR 12.9 billion compared to total public expenditure of OMR 13.1 billion in 2019; a decline of 1.5 per cent. The decrease in expenditure was on account of cost rationalisation initiatives undertaken which included lower development expenses, lower oil and gas expenses, lower defence and security expenditure and civil ministries expenses.

The Government's total revenue has been budgeted at OMR 10.5 billion in 2022, which is OMR 0.6 billion lower than revenue of OMR 11.2 billion achieved in 2021 primarily due to the higher average oil and gas prices than the assumed price in the 2021 budget. The budgeted revenue is significantly higher (by OMR 1.2 billion or approximately 19 per cent.) as compared to the revenue reported in 2020 reflecting the adverse impact of the Covid-19 pandemic. The budget has been prepared on the basis of average oil price of US$50/bbl on a conservative basis, while preliminary results indicate that the average price of oil in 2021 was higher at US$61/bbl.

The Government intends to continue to focus on maintaining fiscal sustainability, lower public debt and achieve higher economic growth through sustainable investment in development expenditure and social expenditure. For 2021, Government has budgeted for total expenditure of OMR 12.1 billion. The projected deficit for 2022 is OMR 1.5 billion. One of the key factors resulting in the significant projected decline in fiscal deficit is the increase in total revenue that led to a lower deficit than estimated in the 2021 budget in the amount of OMR 1 billion. The deficit is proposed to be financed by a mix of domestic borrowing, international borrowing and financing from reserves.

Vision 2040

Oman's Vision 2040 strategy was created to overcome challenges, keep pace with regional and global changes, generate and seize opportunities to foster economic competitiveness and social well-being, stimulate growth, and build confidence in all economic, social and developmental relations nationwide. Vision 2040 sets out a number of priorities, including privatising state-owned companies to create an empowered private sector driving a national economy that is competitive and aligned with the global economy. For further details on this privatisation process, see "*—Privatisation*" below.

Currency and Financial System

The Oman Rial is the official currency of Oman. One Omani Rial is divided into 1,000 Baizas. From 1973 to 1986, the Omani Rial was pegged to the US Dollar at OMR 1 = US$2.895. In 1986, the rate was changed to OMR 1 = US$2.6008, which translates to approximately US$1 = OMR 0.384497. The CBO buys US Dollars at OMR 0.384 Rial and sells US Dollars at OMR 0.385.

The CBO was established in December 1974 pursuant to the Royal Decree 7/1974, which sets out its functions and responsibilities. The CBO sets monetary policy independently after consulting with the Government about its fiscal policy objectives. The CBO also provides advice to the Government on economic policy. In addition to the formulation and implementation of monetary policy, these include regulation and supervision of the banking system and the execution of foreign currency transactions on behalf of the Government. The financial sector comprises commercial banks, Islamic banks, specialised banks, non-bank finance and leasing companies, and money exchange houses.

The CMA commenced its duties on 9 January 1999. The CMA is a Government entity with financial and administrative independence. The principal role of the CMA is to supervise the capital market and insurance sectors in Oman and to develop the legal framework governing the same (for example, promulgating the Code). A number of entities are regulated by the CMA, including the MSX and MCDC. The CMA also aims to promote market efficiency for investors and raise awareness of investor rights and the importance of thecapitalmarket.

Chapter X
Market Overview

Except where otherwise stated, the information in this Chapter is derived from the Market Report, which was prepared by the Market Consultant on on 9 November 2022. For further information, see "Presentation of Financial, Industry and Market Data–Industry and Market Data".

Overview of the Oil and Gas Industry

This overview is intended to serve as a high-level introduction to the oil and gas industry, highlighting where relevant details pertinent to understanding the dynamics associated with the MENA region, and Oman specifically.

Macroeconomic Factors Impacting the Oil and Gas Industry

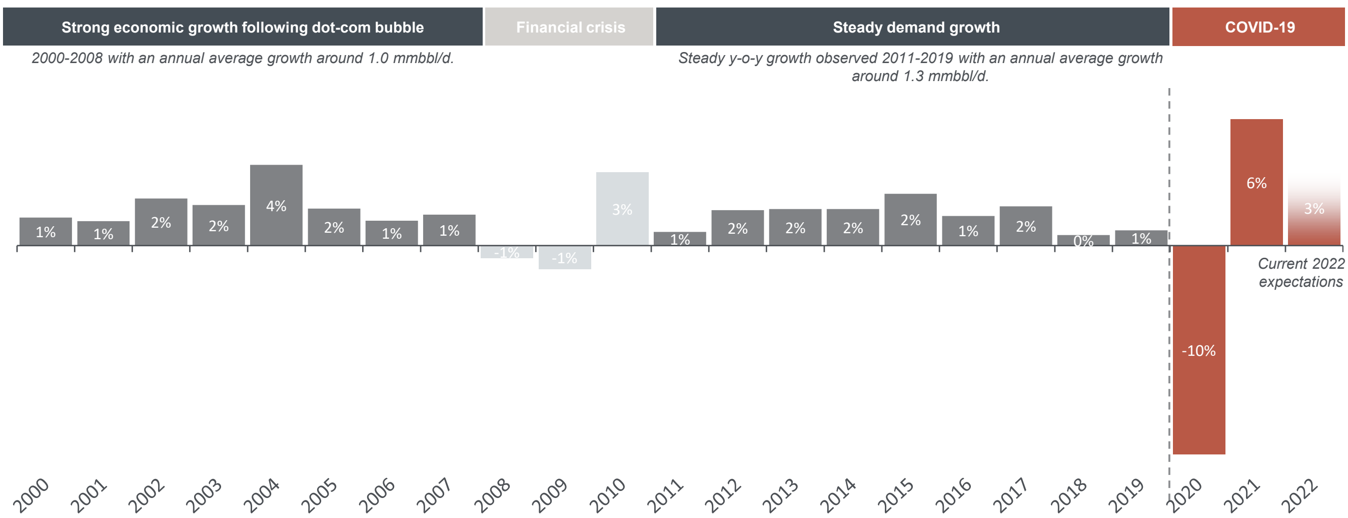
Historically, growth in global energy demand has been associated with growth in global GDP, a relationship that has grown in strength as economies expand in terms of both economic output and population size. The International Monetary Fund (the "**IMF**") World Energy Outlook August 2022 and the Market Report forecast global real GDP to grow at a CAGR of 3.5 per cent. from 2021 to 2030. Accordingly, the Market Consultant expects that over the same period, global oil demand will grow at a CAGR of 0.6 per cent. from approximately 98 million barrels per day in 2021 to approximately 104 million barrels per day in 2030 and global gas demand at a CAGR of 1.3 per cent. from approximately 4000 billion cubic meters in 2021 to approximately 4500 billion cubic meters in 2030.

Emerging Asian Economies (as defined by the IMF, and which include China, India and the Southeast Asian countries) are expected by the IMF to outperform global average real GDP growth rates over the period from 2021 to 2030, growing at a CAGR of 5.2 per cent. In line with the expected GDP growth rates and economic recovery post Covid-19, oil demand in the Emerging Asian Economies is expected to grow at a CAGR of 2.4 per cent., from approximately 26 million barrels per day in 2021 to approximately 33 million barrels per day in 2030 and gas demand in the Emerging Asian Economies is expected to grow at a CAGR of 4.5 per cent., from approximately 570 billion cubic meters in 2021 to approximately 850 billion cubic meters in 2030. Between 2009 to 2019, the IMF observed that the Emerging Asian Economies' real GDP grew at 5.5 per cent., representing a trend that the IMF expects to continue in line with rising domestic prosperity and a growing middle class. The MENA region plays a major role in satisfying the oil and gas demand from the Emerging Asian Economies and it is expected that the region will continue to supply the volumes required to fuel the GDP growth anticipated.

Oil and Gas Demand

The Market Consultant's analysis of historical demand for crude oil, condensate and natural gas liquids (together referred to as liquids) over the past 20 years identified relatively consistent levels of growth year-on-year as increasingly more interdependent economies became more globalized. Two major macroeconomic events led to demand shocks where year-on-year declines occurred; the financial crisis in between 2008 and 2009, and more recently the Covid-19 pandemic.

Exhibit 1.1: Global Liquids Demand year-on-year growth from 2000 to 2022 (per cent. change)



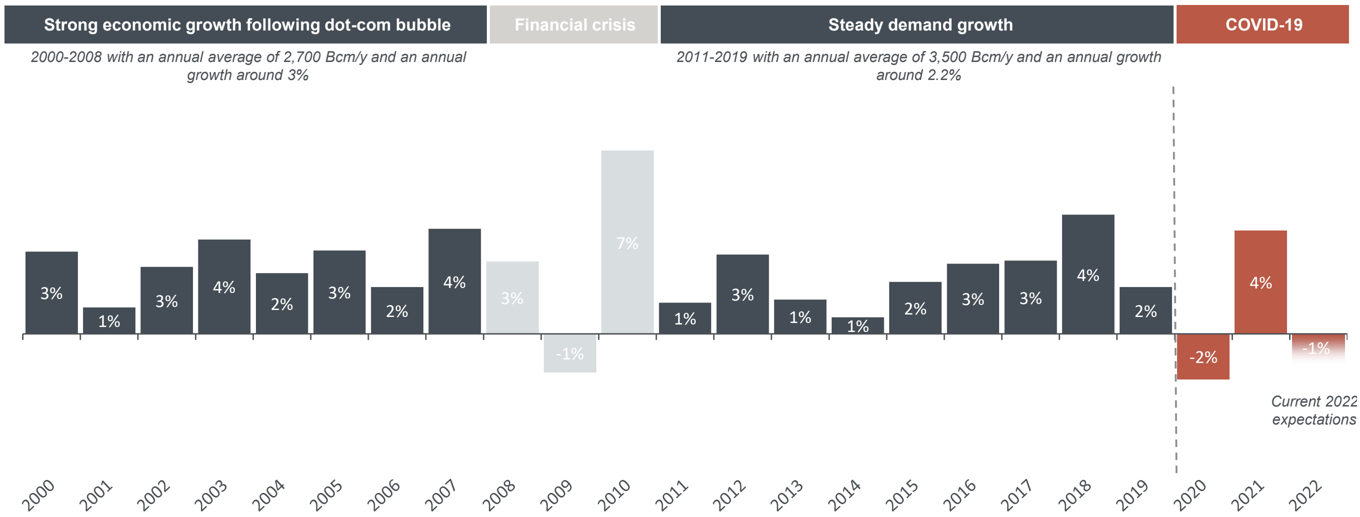
Source: Rystad Energy AS, OilMarketCube, August 2022

The Market Consultant observed that as Covid-19 restrictions eased during 2021 demand for liquids increased as economic activity picked up, driving year-on-year growth of 5.6 million barrels per day. The Market Report's forecasts indicate year-on-year growth of 3.4 million barrels of oil per day for 2022.

As developed economies transition towards lower carbon sources of energy, the historical coupling between real GDP growth and oil demand is expected by the Market Consultant to diminish in strength. Developed economies are expected to increase the overall use of alternative sources of energy, anticipated efficiency increases are expected to stymie the overall growth in energy demand and increased electrification in sectors such as transport is likely to lessen the dependence on oil. Many developed economies have announced net-zero carbon emissions targets, enforced through governmental policies, which are driving the transition away from the use of hydrocarbons.

However, as opposed to developed economies, in the Emerging Asian Economies, where the IMF expects high levels of GDP growth, the Market Consultant expects that the heightened energy requirements associated with achieving the anticipated economic development will result in continual growth in oil demand at a CAGR of 2.4 per cent. from 2021 to 2030, in line with an implied global warming trajectory of 1.8 degrees Celsius.

Exhibit 1.2: Global Natural Gas Demand year-on-year growth from 2000 to 2022 (per cent. change)



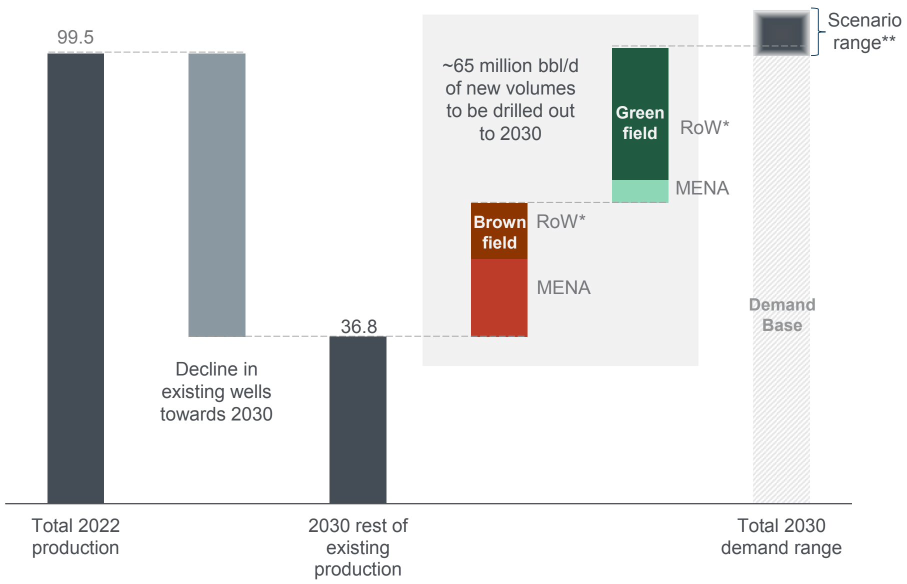
Source: Rystad Energy AS, GasMarketCube, August 2022

As a key option to decarbonizing the energy mix, over the past 20 years demand for gas has increased more year-on-year than oil, demonstrating greater demand resilience in the face of macroeconomic events than oil. Upon analysing global gas demand over the past 20 years, the aforementioned macroeconomic events impacting oil demand resulted in comparably smaller demand shocks to gas. During 2020, gas demand was more resilient to the impact of Covid-19 than oil demand, due to the sustained energy requirements from industry, power and households. Global demand for natural gas is forecast by the Market Report to grow from 2021 to 2030 at a CAGR of 1.3 per cent. The Market Report's forecasts are underpinned by expectations that the prevailing trend towards an increased contribution of lower emission sources of power into the energy mix will continue. Gas-to-power represents a key facilitator of the transition to a lower carbon economy. The Emerging Asian Economies are expected by the Market Consultant to outperform global gas demand growth levels, at a CAGR of 4.5 per cent. from 2021 to 2030, due to increased gas-to-power and industrial uses of gas. However, the Russian invasion of Ukraine has decreased gas demand forecasts, as increased focus on energy security and reduced dependence on Russian supply has incentivized increased use of, and investments in, alternative energy sources.

Oil and Gas Supply

As at 2021 the global supply of hydrocarbons was split 66 per cent. in favour of liquids. The Market Report forecasts that the 2030 global supply of oil is 104 million barrels per day and 600 million tonnes per year of Liquefied Natural Gas ("**LNG**"), respectively. In comparison, global oil supply in 2021 was nearly 98 million barrels per day while global LNG supply was less than 400 million tonnes.

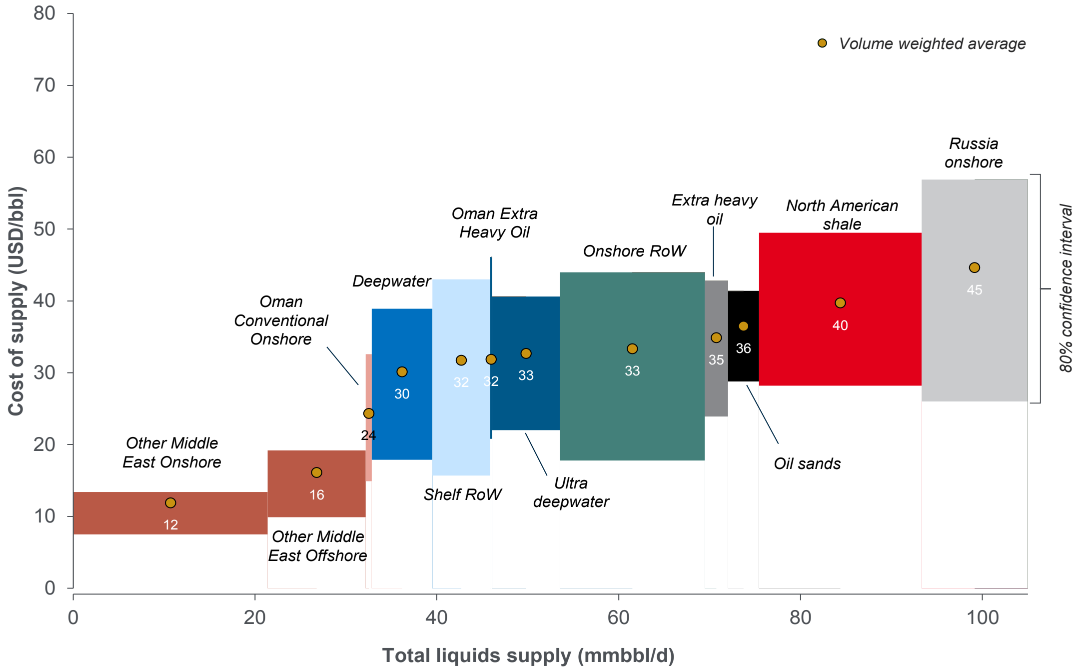
Exhibit 1.3: Global Liquids Supply (Million Barrels per Day)



Source: Rystad Energy AS, UCube, August 2022
Note:
(1) Mean and Sigma+ scenario.

According to the Market Report, extensive drilling to supply approximately 60 million to 70 million barrels per day of new volumes is necessary to fulfil global oil demand levels by 2030. The demand is expected to be supplied by an evenly split allocation of brownfield and greenfield resources. The MENA region will be critical in terms of supplying these new quantities, accounting for more than half of the brownfield volumes and approximately 15 per. cent. of the greenfield volumes supplied by 2030.

Exhibit 1.4 Upstream Global Liquids Cost Curve by Supply Segment in 2030 (Brent Equivalent Forward Looking Breakeven Oil Price, US$/bbl)

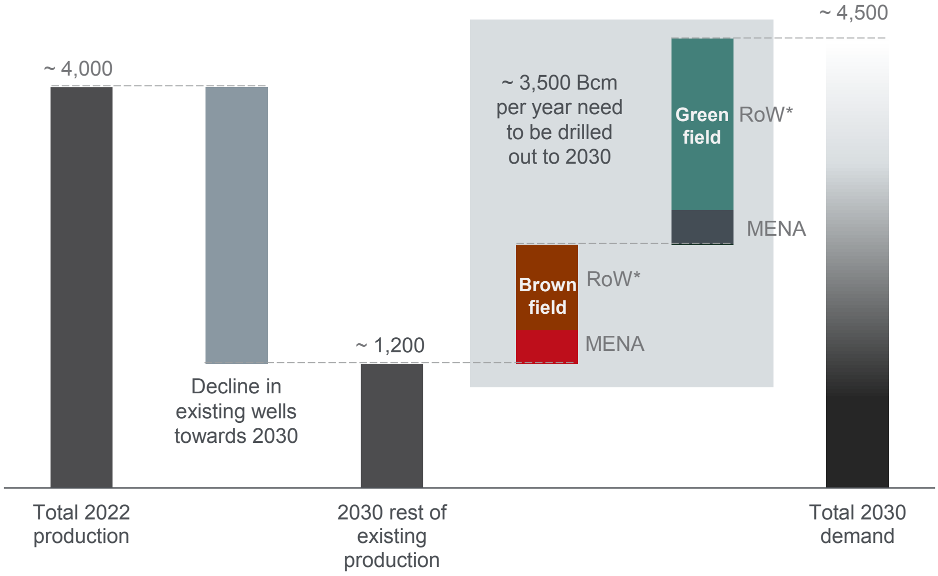


Source: Rystad Energy AS, UCube, August 2022

Exhibit 1.4 above illustrates the global volumes of liquids supply forecast by the Market Report for 2030. The volumes are disaggregated by supply source and grouped into relevant categories for evaluating the competitiveness of the MENA region and Oman. Multiple regions have substantial liquids reserves that are likely to represent key sources of supply through 2030. The Middle East region stands out in terms of onshore and offshore liquids supply volumes, as it is forecasted by the Market Report to account for 31 per cent. of global supply in 2030, and this contributes to the region having among the largest reserves of liquids across the various resource pools, as illustrated in Exhibit 1.4, and means the MENA region will be key in meeting 2030 demand levels.

Coinciding with the Middle East region's substantial volume is a comparatively low cost of supply. In August 2022, excluding the Middle East, the global weighted average cost of liquids supply was US$36/bbl. By comparison, the Middle East had a weighted average cost of supply for liquids of US$13/bbl, and Oman conventional onshore has a weighted average cost of supply of US$24/bbl. In terms of onshore liquids supply, the weighted average cost of onshore supply in the rest of the world was more than twice that of the Middle East region, at US$33/bbl. North American shale is forecast to be one of the key exporting regions of liquids by 2030. However, in August 2022 the cost of supply for liquids from North American shale in 2030 was significantly greater than most other categories and regions, at a cost of supply of US$40/bbl.

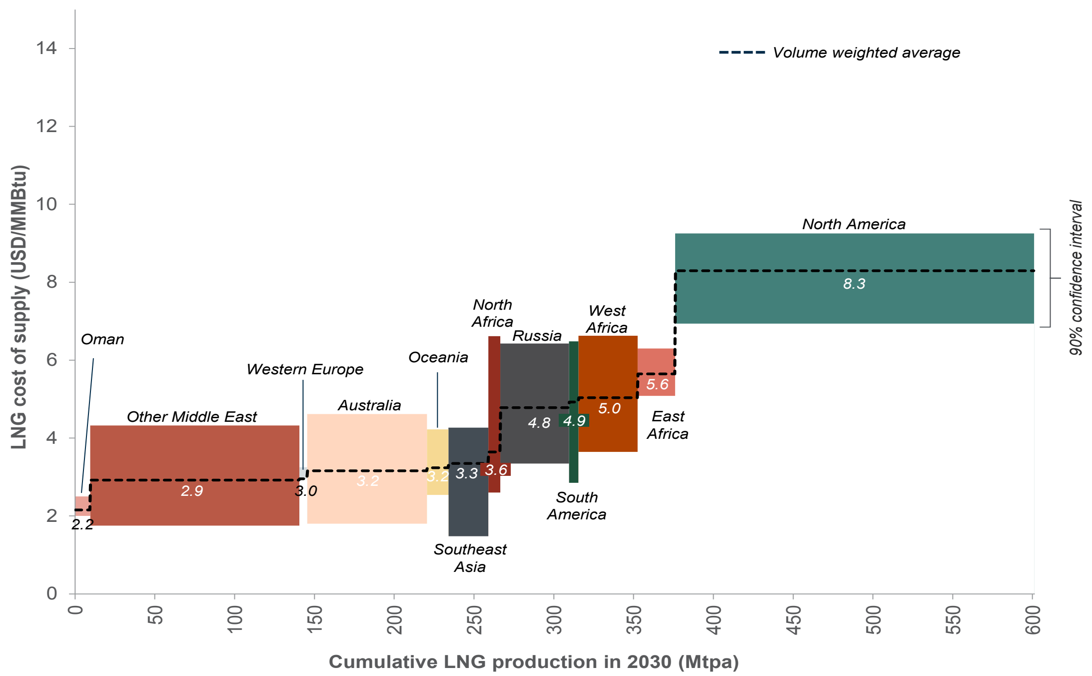
Exhibit 1.5: Global Gas Supply (Billion Cubic Metres per year)



Source: Rystad Energy AS, UCube, August 2022
Note:
(1) RoW stands for rest of the world.

According to the Market Report, significant drilling is required to meet gas demand, which is expected to be approximately 4,500 billion cubic meters in 2030. Future gas demand is expected to be met by approximately one-third brownfield drilling and two-thirds greenfield drilling. The MENA region is expected to be key to supply new brownfield volumes, accounting for approximately 30 per cent. of supply during this period. Oman is forecast to represent approximately 10 per. cent. of MENA brownfield gas volumes during this period, and Iran, Qatar, Saudi Arabia and Algeria are expected to make up the majority of brownfield gas volumes. The MENA region's share of greenfield volumes is expected to be less significant, at roughly 17 per cent., with Oman accounting for an immaterial proportion.

Exhibit 1.6: Upstream Global LNG Cost Curve by Supply Segment in 2030 (Forward Looking Breakeven Price, US$/MMBtu)



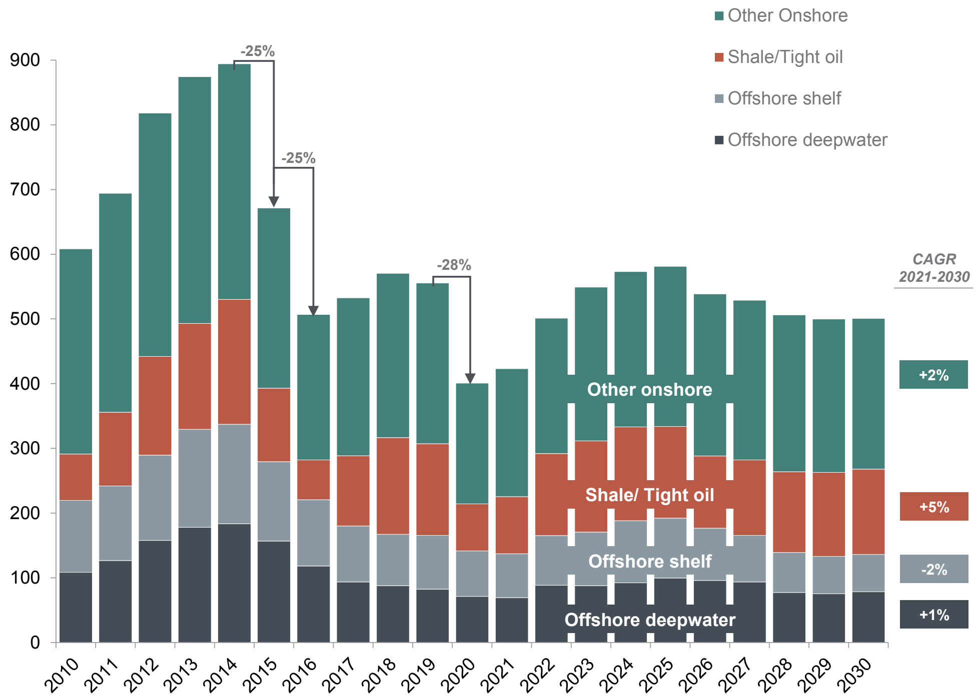
Source: Rystad Energy AS, UCube, August 2022

Exhibit 1.6 above illustrates the global volumes of LNG supply forecast by the Market Report for 2030. The volumes are disaggregated by supply source and grouped into relevant categories for evaluating competitiveness. North American gas represents the most voluminous supply source globally, followed by the Middle East region. However, cost of supply in the Middle East region is expected to remain comparatively low, with an average value of US$3/MMBtu, and the cost of supply of LNG in Oman is expected to remain even lower, at approximately US$2/MMBtu. The North African cost of supply is expected to remain significantly higher, at nearly US$5/MMBtu, whilst North American shale is the highest at US$8.3/MMBtu. Regions with comparable cost of LNG supply to the Middle East are Western Europe, Australia, Oceania and Southeast Asia. However, expected volumes of LNG production from these regions are significantly lower than in the Middle East. The combination of substantial reserves and a significantly lower cost of supply in the MENA region indicates that the region, and Oman in particular, are likely to be key for the long-term global export of hydrocarbons, as regions with limited supplies of hydrocarbons or higher associated costs are phased out of the global mix.

Investment Trends

Global exploration and production ("**E&P**") capex is forecast to grow by 1.9 per cent. per year from 2021 to 2030. This will result in a rebound to pre-Covid levels before 2025 before a stabilization at around US$500 billion by 2030 driven by the Market Consultant's base case long term oil scenario which sees a peak in oil demand of 107 million barrels per day in 2025. The Market Report forecasts that the MENA region will outpace most other regions in terms of capex investment growth at approximately 12 per cent. per year from 2021-2025 and approximately 3 per cent. from 2021 to 2030.

Exhibit 1.7: Global Upstream Capex (including exploration) 2010 to 2030 (BUSD)



Source: Rystad Energy AS, ServiceCube, August 2022

MENA Oil and Gas Industry

MENA Oil and Gas Resources

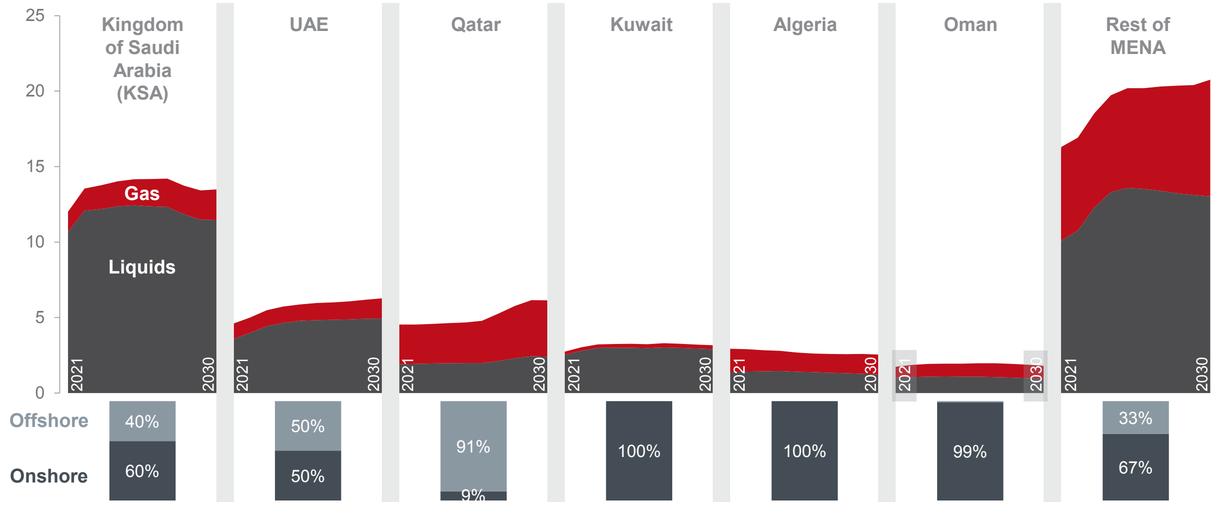
The Market Report estimates that global oil and gas resources amounted to 2,800 billion barrels of oil equivalent. Of these volumes, the Market Report estimates 35 per cent. to be within the MENA region. The second largest region is North America with 23 per cent. of resources, followed by Asia with 12 per cent. The estimations exclude resources deemed uneconomic by the Market Consultant.

Within the MENA region, the country with the largest oil and gas resource base is the KSA with 33 per cent. of the total MENA resources. The Company's primary market, Oman, is estimated to hold 2 per cent. of MENA resources split equally between oil and gas.

MENA Oil and Gas Production

The Company has identified six focus countries within the MENA region as countries of potential strategic interest: Algeria, the KSA, Kuwait, Oman, Qatar and the UAE (the "**MENA focus countries**").

Exhibit 1.8: MENA Oil and Gas Production from 2021 to 2030 (mmboe/d)



Source: Rystad Energy AS, UCube, August 2022

Exhibit 1.8 above outlines the MENA oil and gas production forecast from 2021 to 2030 split by gas and liquids with the MENA focus countries disaggregated from the rest of MENA. The Market Report forecasts that in the MENA focus countries, Oman, Kuwait and Algeria are, and will remain to be, primarily onshore producers of liquids and gas. In contrast, Qatar's production is skewed towards offshore at 91 per cent. The KSA and the UAE have a far more even division with 40 per cent. and 50 per cent. of production derived from offshore sources of supply, respectively. Onshore supply sources, the Company's core market, is expected to account for 67 per cent. of oil and gas production in the MENA region between 2021 and 2030.

Overall production of oil and gas in the MENA focus countries is 29 million barrels of oil equivalents per day in 2021 growing at a CAGR of 2 per cent. up to 33 million barrels of oil equivalents per day in 2030. The KSA accounts for the majority of the volumes, representing 42 per cent. of 2021 production. The KSA has announced ambitions to expand oil production to 13 million barrels per day over the coming years, whilst the UAE has indicated plans to expand oil production to 5 million barrels per day by 2030. Production in Kuwait is expected to increase from 2.7 million barrels per day of oil and gas production in 2021 to 3.3 million barrels per day in 2027. The split between liquids and gas in 2021 is 74 per cent. vs. 26 per cent. in favour of liquids with the gas proportion forecast to increase towards 29 per cent. in 2030. Gas production in MENA is forecast to increase through 2030. Oil production is expected to remain relatively stable with steady growth in the UAE and Qatar. Within the focus region only Qatar has a high proportion of gas production, with the other MENA focus countries predominantly producing liquids. The largest growth in gas production is expected to come from the KSA and Qatar, the latter of which is expected to grow its production at a CAGR of 4 per cent. between 2021 and 2030.

The growth in gas production across the MENA focus countries is linked to both increased demand in Europe following initiatives to reduce their dependence on Russian gas and the lower emission intensity of LNG. The MENA focus countries have reserves of gas coupled with a very low cost of supply which is driving investments aimed at increasing the production of LNG.

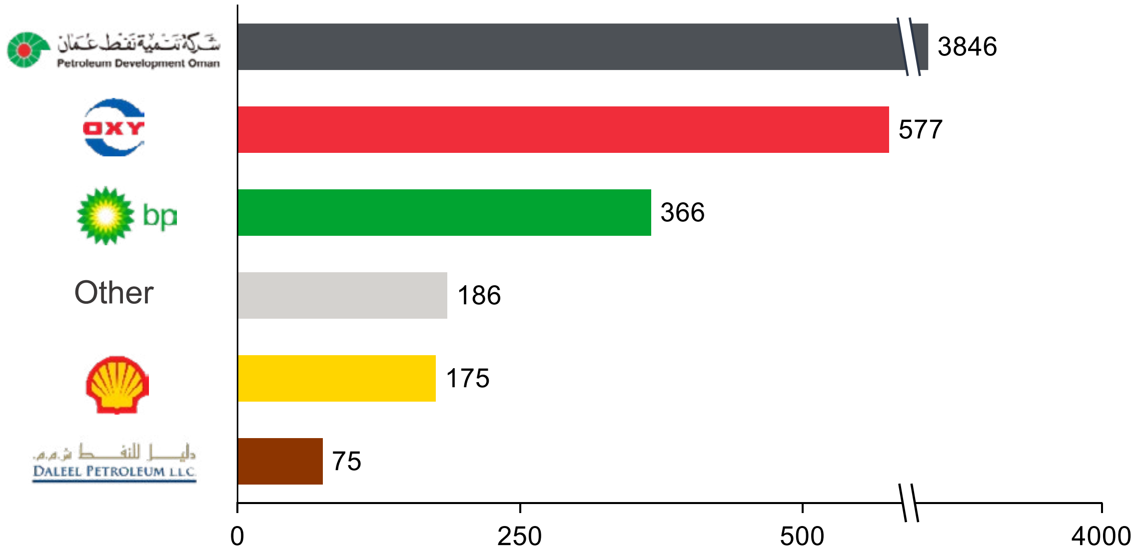
Oman's Oil and Gas Industry

Oman's Government and economy are heavily dependent on the export of oil. The Government is heavily invested in the financial wellbeing of the domestic oil and gas industry; according to the International Trade Administration in 2021, it derived roughly 70 per cent. of its annual budget through taxation and joint ownership of productive fields. Given the importance of the oil and gas industry, various state-owned enterprises support the sector through long-term hydrocarbon supply agreements for significant offtake volumes with government-owned entities, including refineries, petrochemical plants and specialty chemical plants. In turn, these agreements shield upstream-based companies from market volatility with fixed price tariffs supporting long-term cashflow visibility.

Between 2001 and 2007 oil production in Oman dropped due to natural field-level declines common across all hydrocarbon producing fields globally. In order to combat declining oil output, various enhanced oil recovery ("**EOR**") techniques were deployed across key fields as a strategic initiative to increase recovery and meet long-term production requirements Since 2007, oil production from Oman has consistently grown, reversing the declining trend. Oman has made significant investments in EOR and is viewed by the industry as a pioneer of the technologies in the MENA region, utilizing technology first developed for mature oil fields in North America. The Government has acknowledged that optimizing mature field production was key for boosting output levels, and so handed over operations of certain fields, such as Mukhaizna, to international companies with mature field experience, such as Occidental. Through successfully leveraging technology Oman has been able to maximize production levels.

Oman's largest E&P company is PDO, representing a joint venture between the Oman government (60 per cent.), Shell plc (34 per cent.), TotalEnergies (4 per cent.) and PTTEP (2 per cent.). During 2021 the Market Report estimates that PDO operated 62 per cent. of Oman's total oil and gas production. The Omani E&P company landscape diverges from other MENA countries due to the large presence of International Oil Companies ("**IOCs**"). Such IOCs include BP, Occidental and Shell who during 2021 were estimated by the Market Report to operate 16, 12 and 1 per cent., respectively, of production in Oman. The presence of large IOCs with significant shares of operated production elevates both HSE and technical requirements in the country. This is due to the standards with which the IOCs operate, due to the reputational risks they face. The diversity of the E&P companies operating in Oman enhances the backlog quality for drilling contractors and well services companies servicing the sector.

Exhibit 1.9: Onshore Drilling Backlog in Oman (US$ million) by operator from 2022 to 2027



Source: Rystad Energy AS, ServiceDemandCube, August 2022

Oil and gas production in Oman is dominated by onshore fields, with the Market Report's forecasts indicating that from 2021 to 2030 only 1 per cent. of production will be derived from offshore fields. In 2021, the Market Report estimates that hydrocarbon liquids and gas production in Oman collectively totalled 1.7 million barrels of oil equivalents per day. Hydrocarbon liquids, referring to crude oil, condensate and natural gas liquids comprised 58 per cent. of the total production, while natural gas totalled 42 per cent. of the total volumes produced.

According to the Market Report, the largest producing field in 2021 was the Fahud field, which produces 130 thousand barrels of oil equivalents per day, followed by the Makarem, Yibal, Mukhaizna and Ghazeer fields, which all produce approximately 100 thousand barrels of oil equivalents per day.

The Drilling, Workover and Well Services Markets

The Company specializes in the provision of onshore drilling rigs and workover rigs in addition to well-related oilfield services. Through its operation of 25 onshore drilling rigs and five onshore workover rigs, the Company services 29 per cent. of the Omani onshore drilling rig market, acting as a major drilling contractor. The Company also operates hydraulic fracturing, coiled tubing and cementing units utilized for well service operations. The following section aims to provide an overview of the specific markets which the Company operates in, and those markets relevant for international expansion.

Land Drilling and Workover Rig Overview

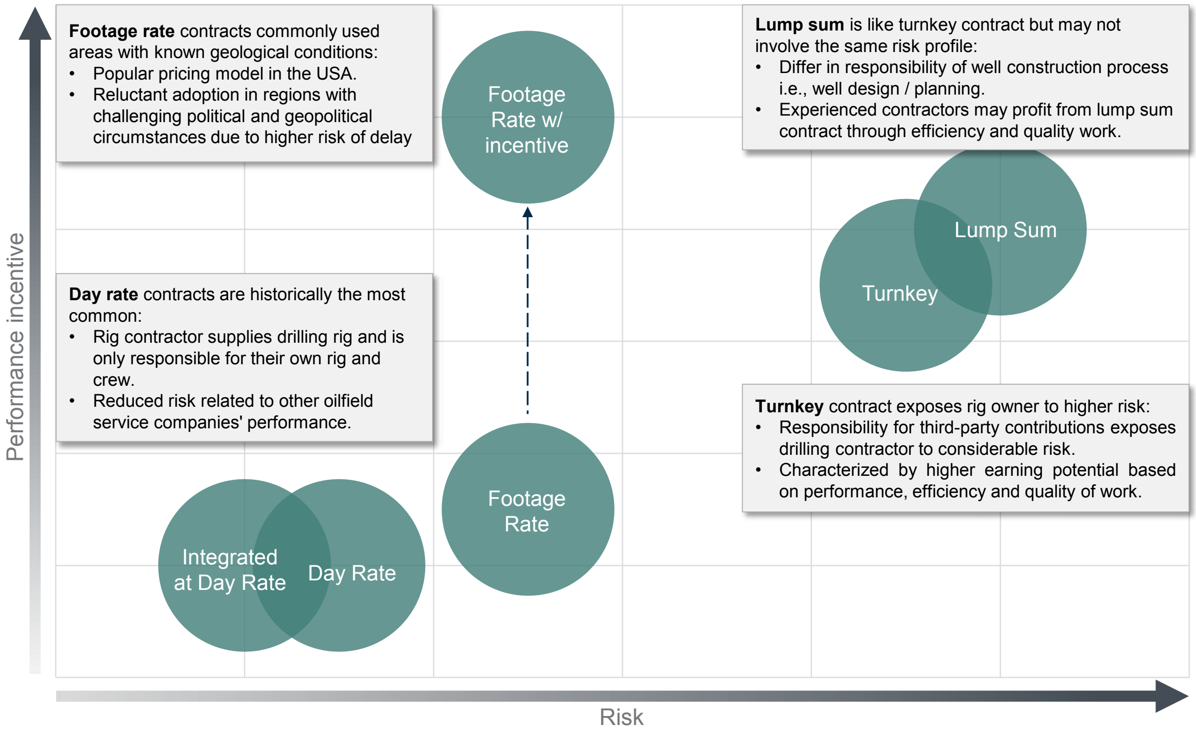
Onshore rigs are used for well drilling or workover operations on land and are traditionally classified based on their horsepower, with light rigs being below 1,000hp (up to 2,000 metres drilling depth), medium rigs being 1,000 to 2,000hp (up to 4,500 metres depth) and heavy rigs being 2000+ hp (over 4,500 metres depth). In general, a drilling or workover rig comprises five main systems: power system (rig power generators), hoisting system (drawwork, crown or mast), circulation system (mud tanks, mud pumps and solid control equipment), rotary system (top drive, or kelly and rotary table) and well control system (blowout preventer, accumulate units and manifolds).

The rig's substructure is usually accompanied by power modules and drilling engines, accommodation block / base camp and other necessary equipment to carry out drilling operations. Different climate and terrain features demand various combinations of rig specifications, including hook load, substructure design, drive characteristics, drilling capabilities and mobility options. Land rigs can also be distinguished by mobility (wheel mounted or skid mounted), relating to the ease with which the rig can be moved between different locations. The importance of mobility is dependent upon the type of operation being performed and the characteristics of the operational environment. The size of the global onshore and offshore drilling market in 2021 is estimated to be US$47 billion. with land rigs and workover rigs accounting for 44 per cent. and 13 per cent., respectively, of that market. The remaining 43 per cent. of the market is estimated to be made up of offshore drilling services including semi/drillship, jack-ups/barges and platform drilling services.

Workover rigs are designed for well re-entry, a complex maintenance task involving remediating the well to enhance production and extend the well life. Workover rigs are typically used when a well is facing technical issues. The lower technical specifications required for well re-entry mean that workover rigs are typically lower horsepower and attract lower day rates.

The commercial agreement between drilling contractors and E&P companies can vary in terms of both compensation method and the overall contract structure. In terms of compensation mechanism, drilling contractors receive payment through three overarching pricing mechanisms. The most prevalent globally is a day rate contract, where the drilling contractor is paid a specific rate per day for the provision of the rig and the crew required to operate the rig. Fixed fee pricing mechanisms are also used, where the drilling contractor will receive a fixed sum to drill a set number of wells. Footage rate pricing mechanisms are less common and require the drilling contractor to reach a certain performance level, typically in terms of a US Dollar per foot or US Dollar per meter metric, to meet the requirements for different payment tranches. For land rigs, the drilling contract can also include support services such as water, catering, base camp and the provision of cranes, forklifts and other heavy machinery required to assemble the rig, construct the drill site and perform drilling operations. Typical contract durations differ based on the operator segments awarding them and the volume of work available. The resulting contract lengths in turn impact a region's resilience to market cyclicality, as regions with longer average contract lengths demonstrating more resilience to oil price volatility.

Exhibit 1.10: Typical Onshore Drilling Contracting Formats



Source: Rystad Energy AS, research and analysis, August 2022

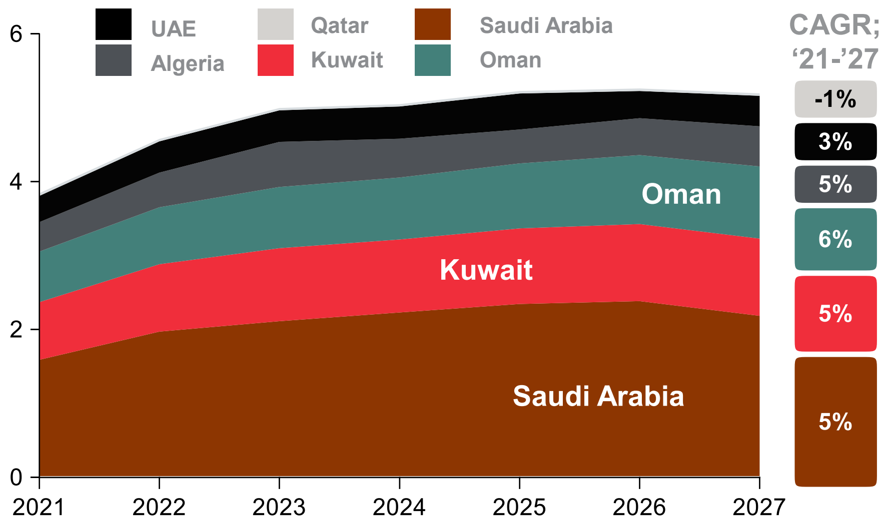
Integrated contracts refer to contracts where an intermediary such as a well service company has historically been used to act as an integrator, providing project management of the well delivery contract to varying degrees, dependent on the agreement. During the entire process of constructing of a well, it is often the case that many different oilfield service companies specialising in certain tasks are required, sometimes operating simultaneously. With many interfaces to manage, it can be the case that the operator opts for the intermediary to project manage the process to ensure efficient project delivery. The operator's willingness to accept such a contract structure depends on the operational environment, technical specifications and individual operator preferences.

In addition to the principal day rate, drilling contracts can also include additional rates and fees such as fuel and catering. Standby rates represent a rate tranche that is active when a rig is on site, ready to drill yet the drilling has not yet been initiated by the customer and is typically set as a percentage of the operating day rate. Mobilisation and demobilisation ("**mob/demob**") fees are typically paid as a lump sum at the start and the end of a contract. Mob/demob fees differ from a movement rate or fee which is a separate charge relating to the movement of a rig in accordance with the customer's requirements and typically represents either a percentage of the day rate or is based on a per rig move basis.

MENA Drilling Contractor Market

The size of the MENA focus countries' drilling contractor market is estimated by the Market Report to be US$3.9 billion in 2021 and US$4.4 billion in 2022. MENA focus countries represented 15 per cent. of the total global onshore drilling contractor market segment in 2021. Of the MENA focus countries, the KSA represents the largest market, with 41 per cent. of the annual onshore drilling contractor expenditure in 2022, followed by Kuwait at 20 per cent., Oman at 18 per cent., the UAE at 9 per cent., Algeria at 10 per cent. and Qatar at 1 per cent. The MENA focus countries drilling contractor market is expected by the Market Report to grow at a CAGR of 5 per cent. from 2021 to 2027.

Exhibit 1.11: Onshore Drilling Contractor Expenditure in MENA Focus Countries from 2021 to 2027 (US$ billion)



Source: Rystad Energy AS, ServiceDemandCube, August 2022

Exhibit 1.11 above illustrates the Market Report's drilling contractor expenditure forecast, disaggregated by the MENA focus countries. The majority of the expenditure is distributed between the KSA, Kuwait and Oman. The KSA represents the majority of the drilling expenditure within the MENA focus countries, accounting for 43 per cent. of the cumulative expenditure from 2022 to 2027. The majority of the MENA focus countries are projected to experience stable growth through 2027, with an average drilling expenditure CAGR of 5 per cent. The Omani market is forecasted to have the strongest growth in expenditure in the region, with an average 6 per cent. CAGR. The strong growth in expenditure in Oman can be attributed to multiple factors, including the strong presence of IOCs such as Occidental, BP and Shell in the country. Within the MENA focus regions, Oman is unique in its diversity of operators.

Several opportunities at key projects with significant rig demands are identified in the KSA. In particular, the KSA plans to expand oil production by more than 1 million barrels per day in 2027, driven by the Marjan, Berri and Zuluf projects. The Market Report estimates that potentially as many as 89 to 114 rigs will be required at the five largest projects in the KSA in 2023, with further incremental rig additions in 2024. Similarly, Oman has multiple projects of particular interest. Most notably the upcoming Mabrouk North East project operated by Shell is of significant value to further expand the Company's customer base with another IOC. The Market Report estimates that the Mabrouk North East project will require land drilling rigs from 2026 onwards.

Kuwait is also considered by the Market Consultant to be strategically important. The market itself is dominated by a single operator, Kuwait Oil Company. Kuwait's largest producing field, Greater Burgan, will retain a sizeable rig demand through 2027 and the country may require as many as 89 to 115 drilling rigs at the five largest projects in Kuwait in 2023. In addition to Greater Burgan, the Market Report identifies Raudhatain (Project Kuwait) to be of interest and these two fields are expected to drive demand for both drilling and workover services the next decade. Large projects related to the Raudhatain and Sabriya fields have been and are expected to continue using hydraulic fracturing extensively.

Algeria may require as many as 42 to 63 rigs at its five largest projects in 2023.

Exhibit 1.12: Top 15 Onshore Rig Contractors by Fleet Size in 2022 (number of rigs)

Top 15 Drilling Contractors	Segment	Land & Workover Rig Fleet (# Rigs)	Rig Fleet Geographical Distribution
ADNOC	National/JV	82	UAE 100%
KCA	IDC	70	Algeria 7%, Kuwait 6%, Oman 31%, Saudi Arabia 51%, UAE 4%
ENTP	National/JV	67	Algeria 100%
ENAFOR	National/JV	57	Algeria 100%
Sinopec	National/JV	52	Kuwait 62%, Saudi Arabia 38%
SANAD	National/JV	44	Saudi Arabia 100%
KDC	National/JV	40	Kuwait 100%
Burgan	National/JV	40	Kuwait 100%
ADC	National/JV	38	Saudi Arabia 100%
ADES	Regional	35	Algeria 23%, Kuwait 34%, Saudi Arabia 43%
ZPADC	National/JV	31	Saudi Arabia 100%
ABRAJ	National/JV	30	Oman 100%
NDSC	National/JV	27	Kuwait 74%, Oman 26%
NESR	Regional	25	Kuwait 20%, Oman 24%, Saudi Arabia 56%
MBPS	Regional	22	Oman 100%

Source: Rystad Energy AS, ServiceDemandCube, August 2022

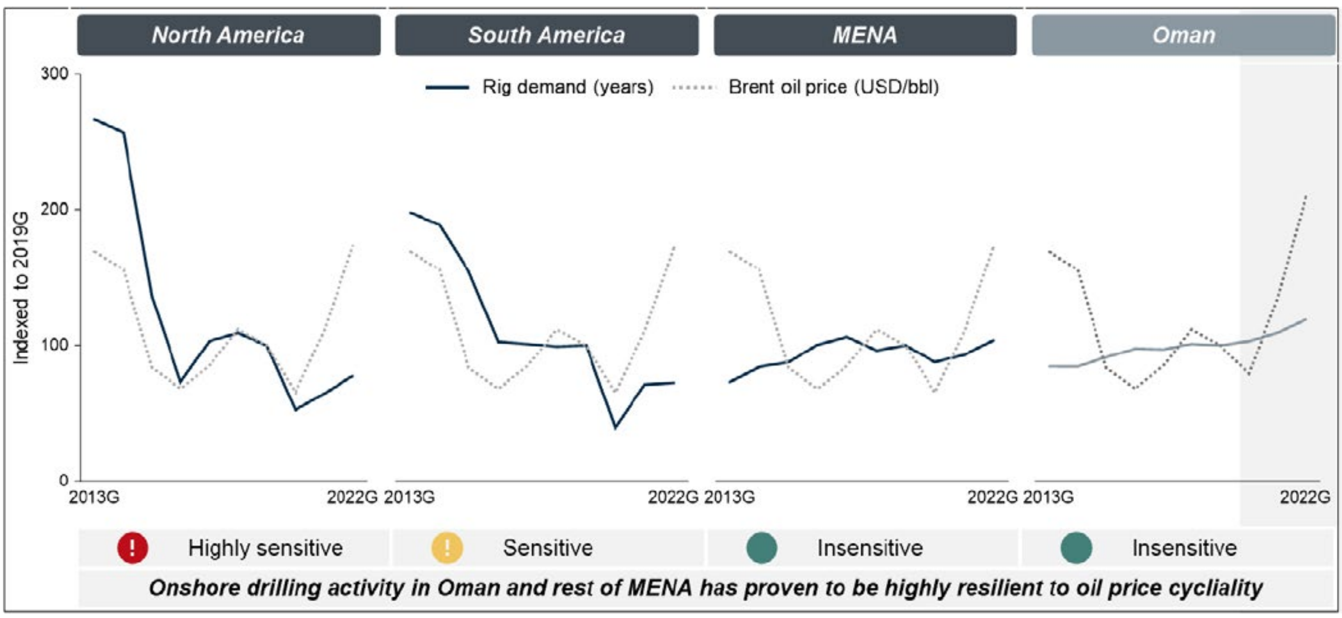
Exhibit 1.12 above outlines the top 15 land rig contractors in MENA by fleet size, split by geographical distribution. According to the Market Report, the Company currently is the 12th largest contractor in MENA by fleet size. The MENA drilling rig market is largely serviced by national/joint venture contractors and other regional contractors. KCA Deutag is the largest international drilling contractor in the region, after the acquisition of Saipem's onshore rig fleet, with 70 rigs spread across different countries within MENA.

Oman's Drilling Contractor Market

The Company is primarily exposed to the drilling contractor market in Oman, where production is 99 per cent. derived from onshore fields. The lower risk profile associated with onshore developments results in the related activities being much more resilient during periods of lower oil prices, often representing the first activities resumed during the beginning of new oil price cycles. In many instances onshore brownfield-related activities are performed on a continuous basis, regardless of the position in the market cycle, due to the low costs of adding incremental production volumes.

It is the Market Consultant's view that, in general, drilling contractors in the MENA region secure long-term contracts, with firm periods of 3 years and optional extensions of 1 year or more being common. Oman stands out from other MENA countries with firm contract periods often being secured for 5 years with optional extension periods of 3 years or more. It is also not uncommon to see contract durations of up to 10 years. The combination of long duration contracts with the aforementioned supportive domestic fiscal regime results in the Omani drilling contractor market demonstrating resilience to market cyclicality resulting from oil price volatility.

Exhibit 1.13: Onshore Drilling Demand versus Brent Oil Price from 2013 to 2022 (indexed)

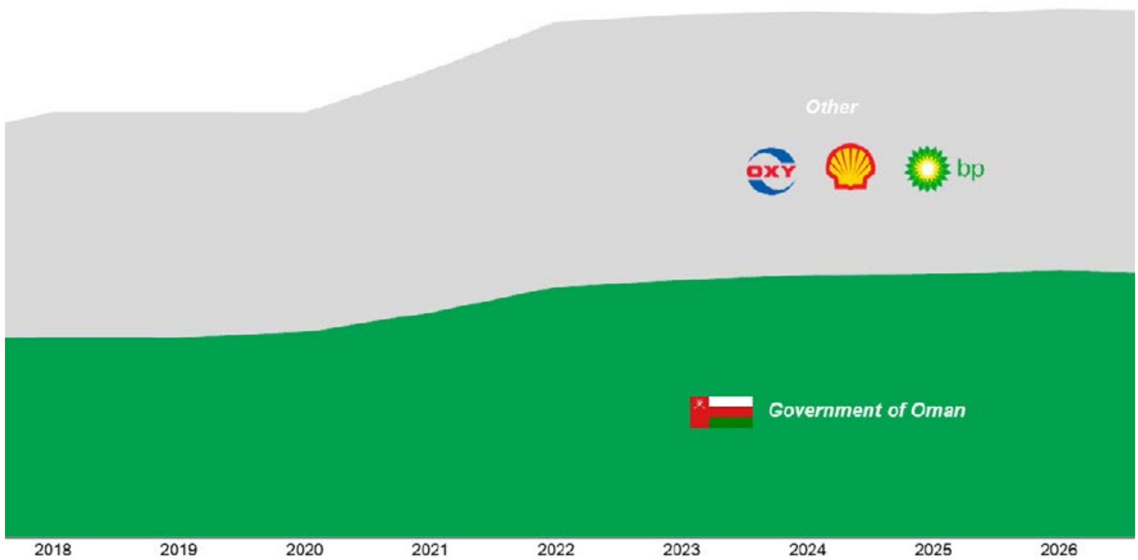


Source: Rystad Energy AS, WellCube, August 2022

Given the typically long contract durations for drilling and workover rigs, the leading E&P company in Oman, PDO, often requires that rigs be as young as possible to ensure maximum operational performance. As such, the age of rigs is a critical deciding factor when an E&P company is selecting a drilling contractor in Oman. According to the Market Report, the average rig age in MENA, excluding rig refurbishments, to be 14.2 years. The Company's average rig age as of 31 December 2022 is 8.6 years, placing the Company in the lower quartile of identified rig ages in the MENA region.

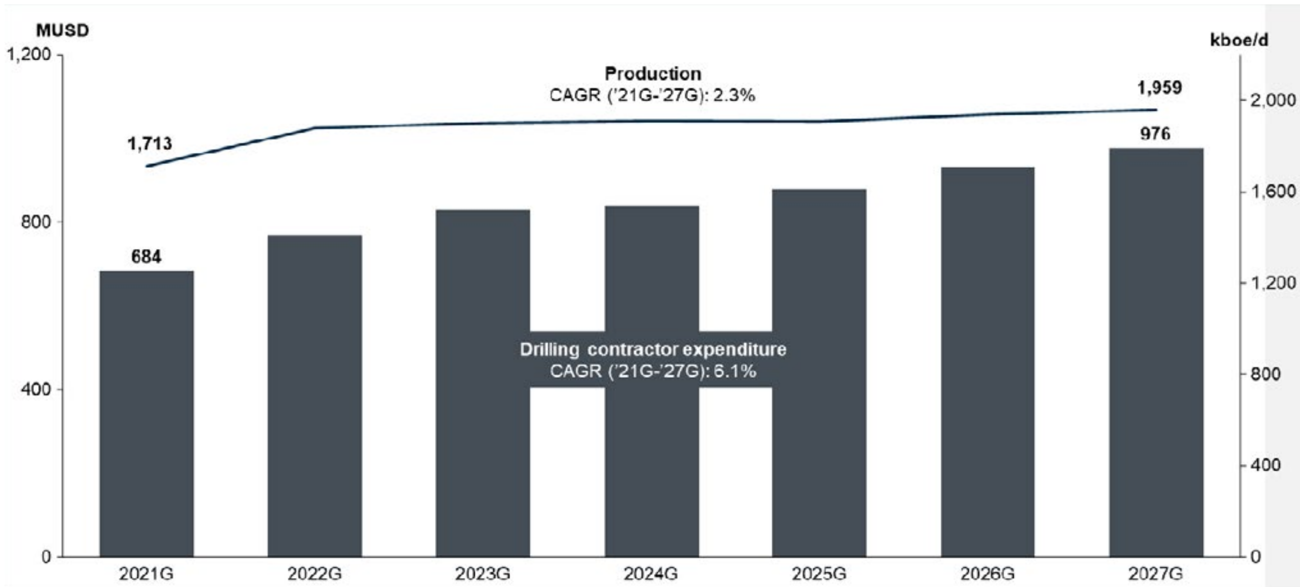
According to the Market Report, the Oman onshore drilling contractor market in 2021 was estimated to be worth US$680 million. The market in Oman is forecast to grow at a CAGR of 6 per cent. from 2021 to 2027, in line with the Market Report's expectations for hydrocarbon production in Oman to increase by 2 per cent. per year over the 2021 to 2027 period. The top five projects by hydrocarbon production for 2022 through 2027 are forecast to be Khazzan/Makarem (1,700 kboe/d), the Oman Central Gas Development (1,133 kboe/d), Fahud (888 kboe/d), Yibal (680 kboe/d), and Kauther (634 kboe/d). The corresponding increase in rig demand is driven by IOCs such as Occidental, Shell and BP and is primarily related to the Khazzan / Makarem, Mukhaizna and Mabrouk North East projects. Estimated hydrocarbon production in Oman by ownership is presented below in Exhibit 1.14. By 2027, the Market Report estimates that 50 per cent. of onshore rig demand in Oman will be related to gas fields, rising from 40 per cent. in 2021.

Exhibit 1.14: Hydrocarbon Production in Oman by Ownership (Million Barrels of Oil Equivalent Per Day)



Source: Rystad Energy AS, UCube, August 2022

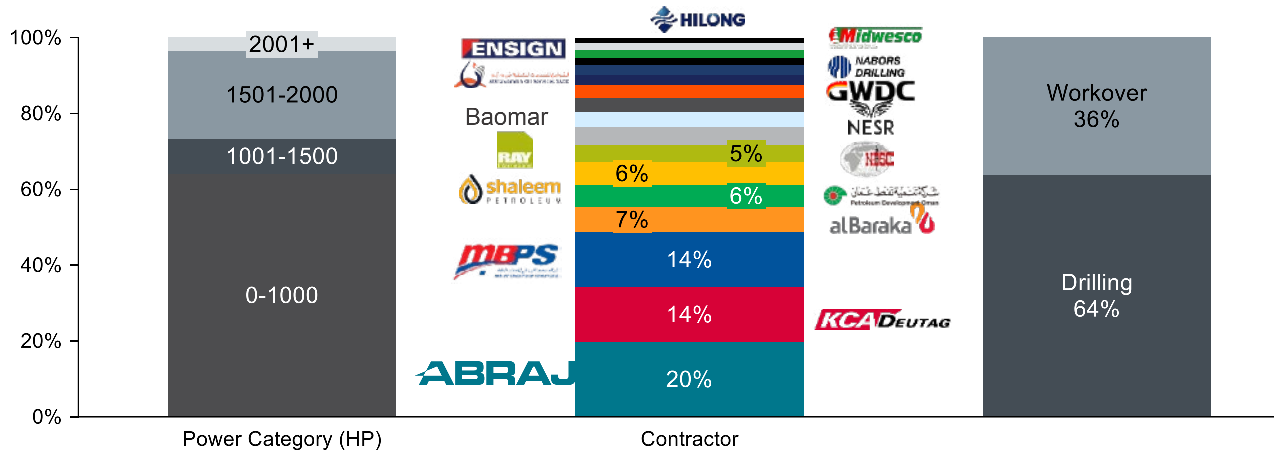
Exhibit 1.15: Forecast Drilling Contractor Expenditure (LHS) and Hydrocarbon Production (RHS) in Oman from 2021 to 2027 (US$ million and kboe/d)



Source: Rystad Energy AS, UCube, August 2022

The Market Report estimates that there are 152 onshore drilling and workover rigs in Oman, comprising 97 drilling rigs and 55 workover rigs. This rig count includes 12 rigs which are currently stacked. Based on this rig count, with a total of 30 rigs, the Market Report estimates the Company's share of the total onshore drilling and workover rig market to be 20 per cent., resulting in the Company being the largest onshore drilling contractor in Oman by rig count. The Company possesses a much higher number of rigs than its closest two competitors in Oman, KCA Deutag and MBPS, both of whom operate 22 rigs in the country. The Company's drilling rig fleet was more than 95 per cent. utilised as at 30 June 2022, equivalent to a contracted operating market share of 29 per cent. as at 30 June 2022.

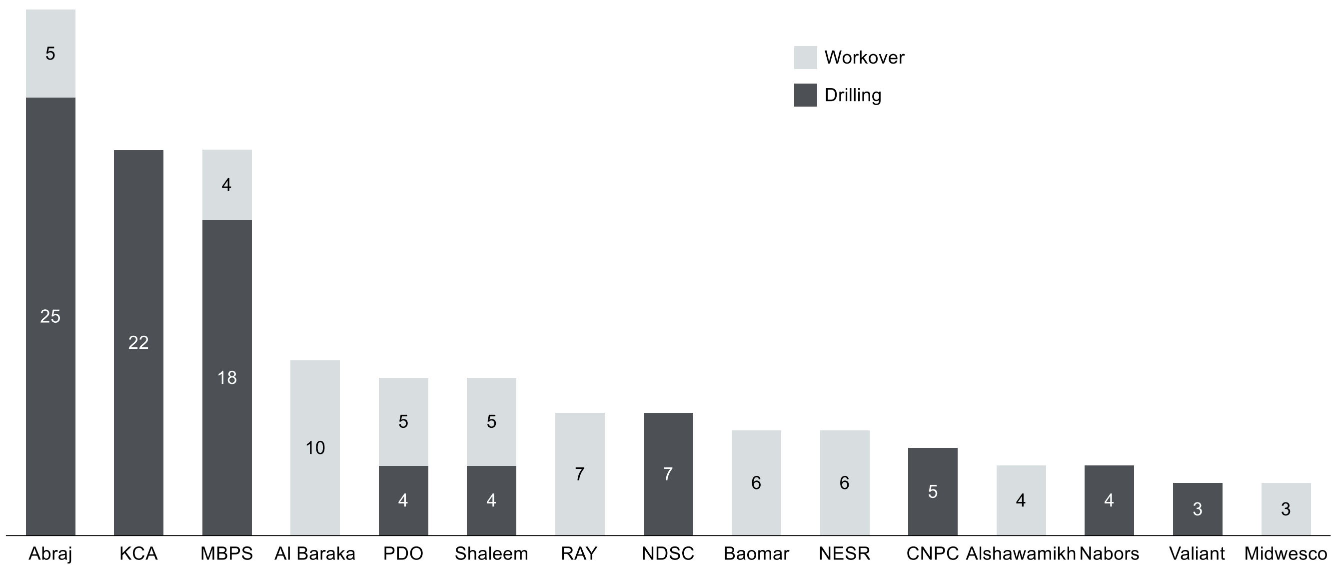
Exhibit 1.16: Onshore Rig Supply (Drilling and Workover) in Oman in 2022, by category



Source: Rystad Energy AS, Research and Analysis, company announcements, industry interviews

Exhibit 1.16 above shows the rig supply in Oman in 2022. Rig supply in Oman is expected to experience marginal growth through to 2025. Additional growth in rig supply may occur as a result of future contract awards.

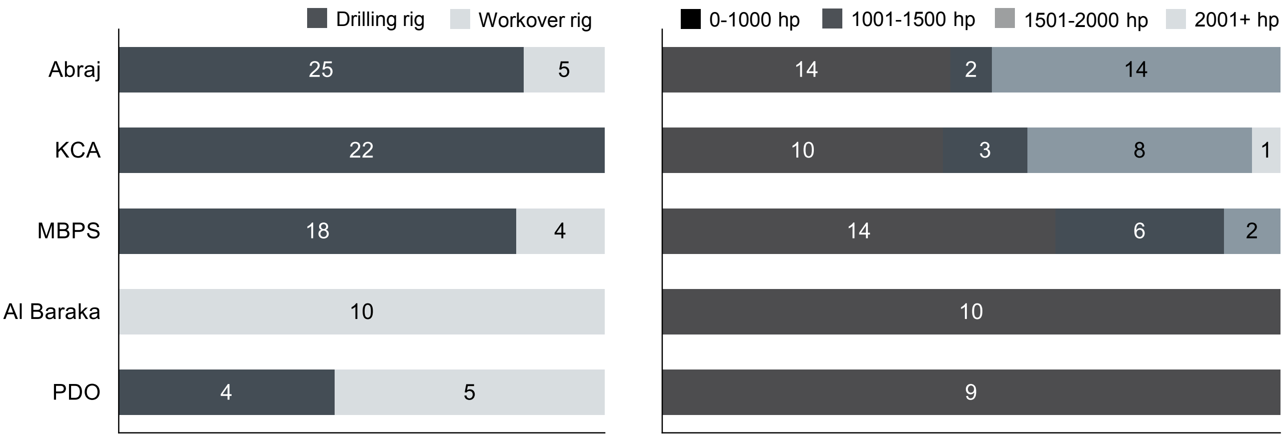
Exhibit 1.17: Onshore Rig Supply in Oman by Drilling Contractors by Fleet Size in 2022 (number of rigs)



Source: Rystad Energy AS, ServiceDemandCube, August 2022

Exhibit 1.17 above outlines the land rig contractors in Oman by fleet size, split by drilling and workover rigs. The Market Report estimates that the drilling rig market in Oman is largely serviced by the top three contractors, the Company, KCA Deutag and MBPS. The Company and KCA Deutag operate rig fleets with similar horsepower distributions. The MBPS rig fleet is more heavily skewed to the lower horsepower class, with limited drilling rigs in the 1501-2000hp class. The contractor Al Baraka has the largest workover rig fleet in Oman with ten units. PDO holds the fifth largest rig fleet in Oman with nine rigs through its insourcing project.

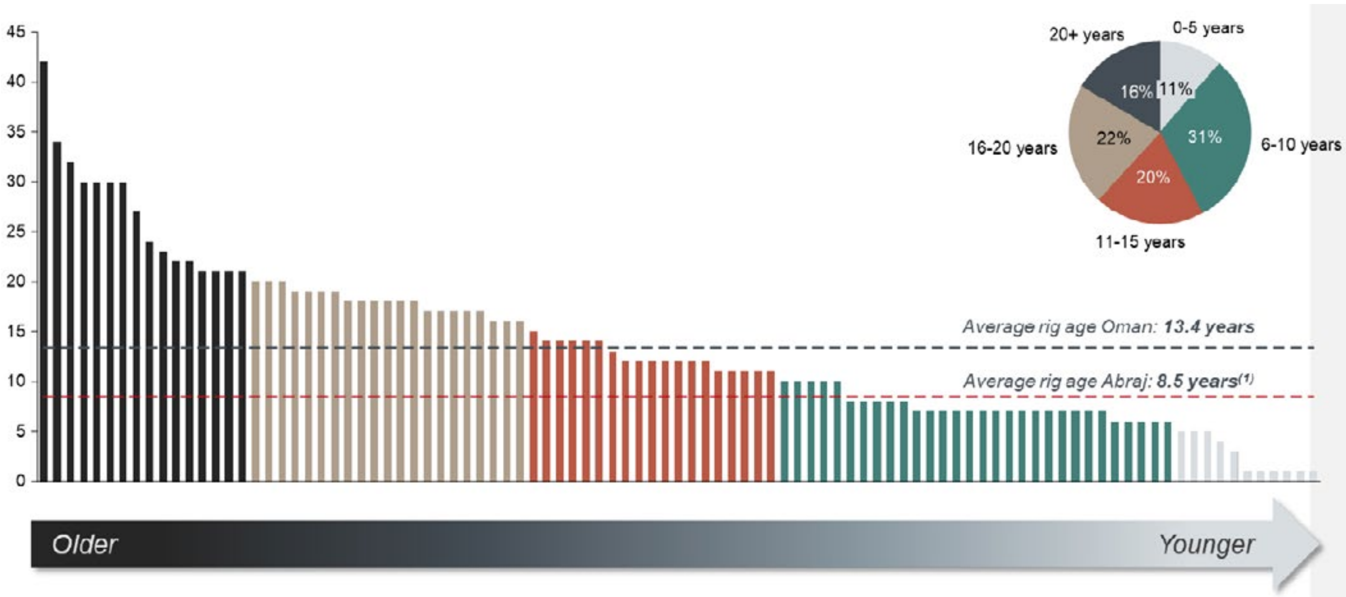
Exhibit 1.18: Top 5 Onshore Rig Contractors in Oman by Fleet Size in 2022 (number of rigs)



Source: Rystad Energy AS, ServiceDemandCube, August 2022

The Market Report estimates that 0-1000hp rigs will likely receive day rates between US$20,000 to US$25,000, 1001-1500hp rigs will likely receive day rates between US$25,000 to US$30,000, 1501-2000hp rigs will likely receive day rates between US$28,000 to US$34,000 and 2001+hp rigs will likely receive day rates between $35,000 to US$40,000. As such, the day rates in Oman are in line with average market rates in the MENA region.

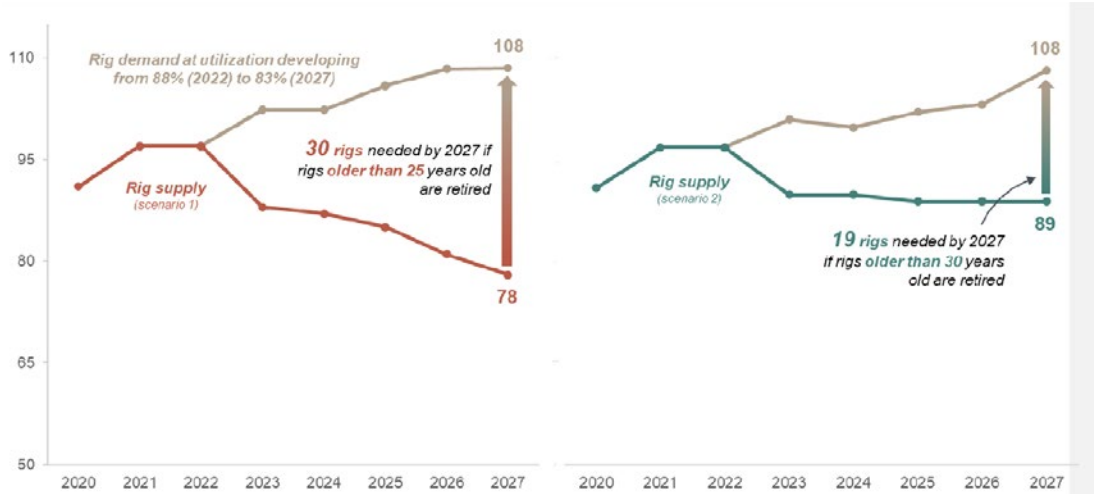
Exhibit 1.19: Identified drilling rig ages in Oman (rig age)



Source: Rystad Energy AS, Research and analysis, August 2022
Note:
(1) As of November 2022. Rig refurbishments are not considered.

Exhibit 1.19 outlines the rig age distribution of the 97 identified drilling rigs located in Oman. At the date of the Market Report, the Market Consultant estimated that the average age of the Omani onshore drilling rig fleet was 13.4 years, slightly below the MENA estimated average age of 14.2 years. At the date of the Market Report, approximately 38 per cent. of the Omani rig fleet was more than 15 years old, with the Company's average rig age of 8.6 years (as of 31 December 2022) being well below this average.

Exhibit 1.20: Oman contracted rig demand/supply balance by rig retirement scenario (number of rigs)



Source: Rystad Energy AS, Research and analysis, August 2022

Exhibit 1.20 outlines two scenarios for the supply and demand balance of the Omani contracted onshore rig market based on the current rig age distribution and a contracted rig demand developing from 88 per cent. in 2022 to historical levels of 80 per cent. by the end of the decade. Scenario 1 suggests that 30 rigs will be needed by 2027 if rigs older than 25 years old are retired, whereas Scenario 2 suggests that 19 rigs will be needed by 2027 if rigs older than 30 years old are retired. Of the nineteen additional rigs in the first scenario, four have already been contracted. Though rig refurbishments and known newbuild programs within the country are not considered in the analysis, the results suggest a large call for newbuilds to meet the upcoming demand in the years towards 2027.

Certain projects also represent an opportunity for production and rig growth. In particular, the Market Consultant estimates that the Khazzan / Makarem project may require six to eight drilling rigs to meet the expected rig demand in 2023, the Oman Central Gas Development project may require nine to 12 drilling rigs in 2023, the Kauther project may require nine to 11 drilling rigs in 2023, the Safah project may require three to five drilling rigs in 2023 and Mabrouk North East may require three to seven drilling rigs in 2026.

Well Services Overview

Well services relate to various operations performed over the life cycle of a well, which can be divided across four main phases; well construction, well completion, well intervention and plugging and abandonment (“**P&A**”).

During the well construction phase, as the various sections of a wellbore are drilled using a drilling rig, the primary well services include the cementing of casing sections into place to increase the structural integrity of the wellbore and prevent the ingress of undesired formation fluids. The Company’s 25 drilling rigs along with its cementing services contribute to this well construction phase.

Well completion-related services are broadly intended to complete the well after it has been drilled and prepare it for production. The type of completion varies and will impact the operations, but in general the completion forms the connection between the reservoir and the surface, enables well stimulation treatments such as hydraulic fracturing to be conducted, acts to isolate the portion of the reservoir from which production will take place, protects the integrity of the reservoir and enables well-testing. The Company supports installing well completion equipment, but the equipment itself is provided by other third-party vendors directly contracted through a customer.

Well interventions are operations carried out on an oil or gas well during the well’s productive life. The objectives behind these operations are typically to re-establish the integrity of a well or to enhance productivity. Various means of conveyance are used to lower tools into the well for this purpose. For heavy interventions drilling and workover rigs are typically used, however for lighter interventions and well stimulation, coiled tubing, slickline or wireline units can be used. According to the Market Report, coiled tubing usage will continue to increase due to its cost effectiveness for performing well interventions, as opposed to using drilling and/or workover rigs. The Company’s well services (hydraulic fracturing, sand management systems, coil tubing and cementing) are all used in the well intervention phase.

Coiled tubing applications are varied but are broadly utilized for well interventions. Coiled tubing is used to perform operations to enhance well productivity through stimulation, wellbore cleanout and more specialized well-related operations. It is the Market Consultant’s view that coiled tubing usage will continue to increase due to its cost effectiveness for performing well interventions, as opposed to using drilling and/or workover rigs.

P&A are the activities related to permanently closing a well. These activities include the retrieval of well completion components and the establishment of barriers to isolate permeable and hydrocarbon-bearing formations. P&A often requires the use of a drilling rig or workover rig, due to the requirement for equipment handling and cement pumping. Before abandoning the well, downhole equipment may be required to be removed and the wellbore must be cleaned. Once the well barriers are installed and pressure tested, shallow cuts are made into the conductor casing and the wellhead is retrieved. Cement services are required in order to create a permanent barrier. All penetrated zones with flow potential should be isolated from each other and from the surface, typically by the placement of multiple cement barriers. The Company's workover scope comprises both well interventions and P&A activities, and the Company's cementing services are also used for P&A activity.

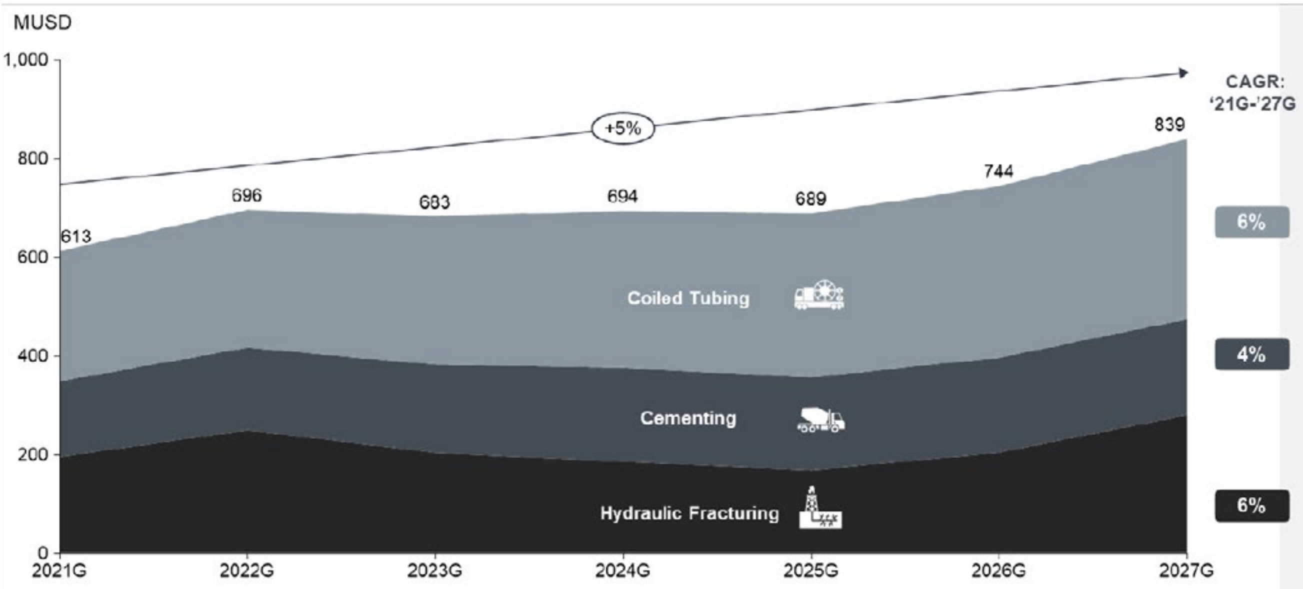
Cementing operations are performed across all the main phases of a well's lifecycle; however, they are primarily used during the initial well construction process where casing sections are cemented into place throughout the wellbore to provide structural integrity and to isolate the wellbore from the formation.

Hydraulic fracturing is a well stimulation technique through which high-pressure fracturing fluids consisting of water, proppant and chemicals are injected into a formation to create cracks that are held open to enable hydrocarbons to flow more freely. Developments in hydraulic fracturing have been critical for the growth of oil and gas production in Oman, and the country is one of the first countries in the MENA region to successfully deploy the technique at scale.

MENA Well Service Market

In the MENA focus countries, the size of the Company's key well service markets, being cementing, coiled tubing and hydraulic fracturing, were estimated in the Market Report to be worth US$2.8 billion in 2021. According to the Market Report, the MENA focus countries' key well service markets are expected to grow at a CAGR of 7 per cent. from 2021 to 2027.

Exhibit 1.21: Onshore Key Well Service Expenditure in MENA Focus Countries from 2021 to 2027 (US$ million)



Source: Rystad Energy AS, ServiceDemandCube, August 2022

Coiled tubing represents the largest key well service market and is estimated in the Market Report to be worth US$1.4 billion in 2021, and is expected to grow at a CAGR of 8 per cent. from 2021 to 2027. The coiled tubing market in the KSA is estimated to be US$600 million in 2021 and is driven by the large number of light well interventions performed by Saudi Aramco, which are forecast to increase in line with ambitions for production growth and an aging well base.

The size of the hydraulic fracturing market in MENA is estimated to be US$880 million in 2021, and the Market Report expects that the market will grow at a CAGR of 8 per cent. from 2021 to 2027. Both the KSA and Kuwaiti markets are significant, estimated to be worth US$370 million and US$290 million in 2021, respectively. The Saudi Arabian market is primarily related to the Qusaiba shale project and increasing activity in the Jafurah shale project. In Kuwait, Project Kuwait and the Jurassic Gas project are expected to attract significant hydraulic fracturing expenditure.

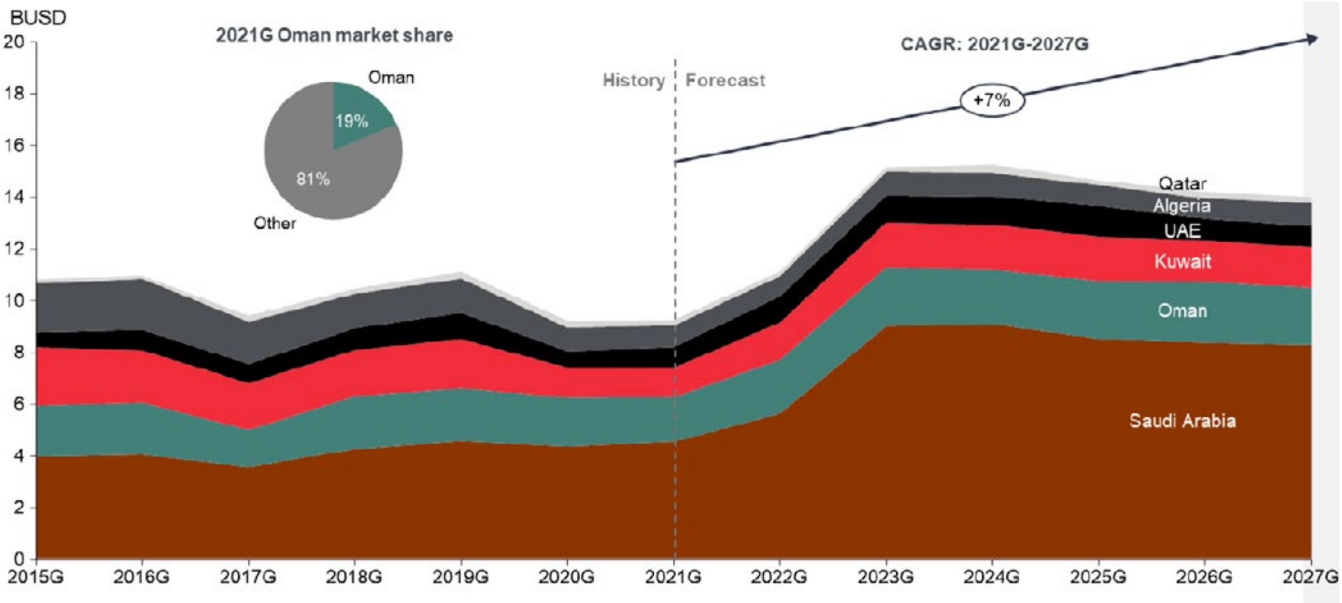
Cementing activities in MENA are estimated to attract US$580 million in 2021 and according to the Market Report, the market will grow at a CAGR of 5 per cent. from 2021 to 2027. The majority of cementing expenditure is related to the drilling of new wells and is therefore highly correlated with developments in well counts. The KSA market is the largest, at US$200 million in 2021. As the MENA region targets increased gas production, the volumes of high pressure, high temperature wells are expected to increase, which the Market Consultant estimates to require increased cementing costs ranging from 20 per cent. to 30 per cent., increasing the expenditure on a per well basis and the overall market opportunity.

Oman's Well Services Market

The Company currently owns, among others, well service-related equipment consisting of nine cementing units, a 35,000 HP hydraulic fracturing fleet and a coiled tubing unit.

The nature of the hydrocarbon reservoirs in Oman results in large numbers of wells being required in order to maximize production rates. Such a significant well base results in the country requiring an outsized well-service sector compared to production levels, driving a service intensive industry and a large addressable market for well services companies. The Market Report estimates that the combined size of the Omani well services market in 2021 was US$1.7 billion, representing 19 per cent. of the MENA focus countries' well services market. By comparison, Oman production levels represents 6 per cent. of the MENA focus countries total production.

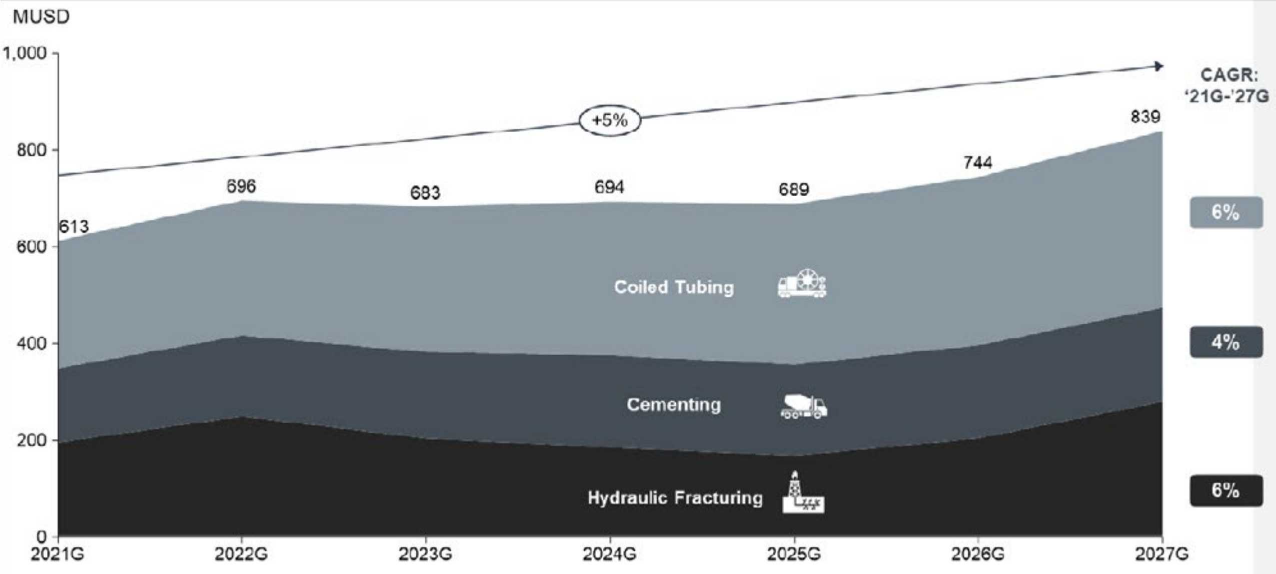
Exhibit 1.22: Onshore Well Services Expenditure in Core MENA Countries from 2015 to 2027 (US$ billion)



Source: Rystad Energy AS, ServiceDemandCube, August 2022

In 2021, the Market Report estimates that the market in Oman for the Company's key well services, being cementing, coiled tubing and hydraulic fracturing, was US$610 million, representing 22 per cent. of the MENA focus countries' total key well services market. Collectively, in 2021 the Company's key well services markets represented 35 per cent. of the total well services market in Oman, signifying the importance of the key well services offered by the Company. Between 2021 to 2027 the market in Oman for the Company's key well services are expected to grow at a CAGR of 5 per cent. per year.

Exhibit 1.23: Onshore Key Well Service Expenditure in Oman from 2021 to 2027 (US$ million)



Source: Rystad Energy AS, ServiceDemandCube, August 2022

Of the Company's key well service markets, the Market Report estimates that coiled tubing was the largest market, with US$260 million of expenditure in 2021 in Oman. The coiled tubing market in Oman is forecast to grow at a CAGR of 6 per cent. per year from 2021 to 2027, driven primarily by the aging well base of large mature fields in Oman, which will require intervention operations to enhance productivity.

Hydraulic fracturing represents a significant market, estimated by the Market Report to have attracted US$200 million of expenditure in Oman in 2021. The hydraulic fracturing market in Oman is forecast to grow at a CAGR of 6 per cent. from 2021 to 2027. Tight gas and other stimulation operations related to the Khazzan / Makarem project in Block 61, the Abu Butabul project in Block 60 and the various Mabrouk projects in Blocks 6 and 10, represent the key projects driving the expenditure outlook.

Cementing in Oman is estimated by the Market Report to be a US$150 million market in 2021. The cementing market in Oman is forecast to grow at a CAGR of 4 per cent. from 2021 to 2027. As the segment is directly related to new well drilling activity, the market is driven by new wells expected to be drilled across all hydrocarbon producing fields in Oman, where PDO is by far the largest contributor to the market with close to US$1 billion of expenditure expected over the 2021 to 2027 period.

The Market Report estimates that the Company has a 7 per cent. share of the key well service market in Oman. The international service companies, Schlumberger and Halliburton both service the country's cementing and hydraulic fracturing requirements. MENA focused service companies such as NESR, NESR's subsidiary Gulf Energy and AlMansoori are also present in the country.

Chapter XI
Description of the Company and Business Overview

Investors should read this section of this Prospectus in conjunction with the more detailed information contained in this Prospectus, including the financial and other information appearing in "Operating and Financial Review" and in the Company's financial statements, including the related notes, included elsewhere in this Prospectus.

Overview

Established in 2006, the Company is the leading provider of onshore drilling services in Oman, as measured by the number of contracted operating drilling rigs as at 30 June 2022. Through its two business segments, (i) Drilling and Workover Services and (ii) Well Services, the Company provides a wide range of complementary onshore oil and gas field services. The Company's vision is to be the market leading provider of oil and gas field services in Oman, as well as one of the leading providers of these services in the region.

The Company operates its business through two segments:

- Drilling and Workover Services: The Company provides drilling rigs, which are integrated systems used to drill new onshore oil and gas wells for Omani NOCs, hybrid and independent operators, as well as international oil and gas companies. In addition, the Company provides workover rigs, which are used to maintain, restore and reinstate the integrity of existing wells.

  The Company operates one of the youngest drilling fleets in the MENA region, comprising 25 modern drilling rigs, with an average rig age of 8.6 years as at 31 December 2022 and a contracted drilling rig utilisation rate of 99.8 per cent. for the year ended 31 December 2021 and 97.4 per cent. for the nine months ended 30 September 2022. The Company had the leading drilling market share in Oman by the number of contracted operating drilling rigs (29 per cent.) as at 30 June 2022. The Company also operates five workover rigs, with an average rig age of 12.4 years as at 31 December 2022 and contracted workover rig utilisation rates of 100 per cent. for the year ended 31 December 2021 and the nine months ended 30 September 2022.

  The Company's Drilling and Workover Services segment accounted for 87 per cent. and 89 per cent. of its total revenue for the year ended 31 December 2021 and the nine months ended 30 September 2022, respectively. As at 30 September 2022, the Company's estimated backlog attributable to its Drilling and Workover Services contracts was OMR 499.9 million for the years 2023 through 2031.

- Well Services: The Company provides a diverse portfolio of oil and gas well services through three business lines: hydraulic fracturing, which is used to improve production in areas where natural oil and gas flows are restricted; cementing to support and protect well casings and help achieve zonal isolation; and coil tubing, which uses a coil tubing fleet to provide matrix and fracture stimulation, wellbore cleanout, logging, perforating, nitrogen kick-off, sand control, cementing, well circulation and mechanical isolation services.

  The Company's Well Services segment accounted for 13 per cent. and 11 per cent. of its total revenue for the year ended 31 December 2021 and the nine months ended 30 September 2022, respectively.

The Company maintains strong, long-standing customer relationships with the leading Omani NOCs, including OQ EP, hybrid operators such as PDO and independent operators, including CC Energy Development Oman, Ara Petroleum and Petrogas Rima. The Company's customers also include international oil and gas companies such as BP, Medco and Occidental, which reflects its ability to meet global quality standards. The Company benefits from long-term contracts, and the average remaining duration of its Drilling, Workover Services and Well Services contracts was 3.8 years, 7.9 years and 9.6 years, respectively, in each case as at 30 September 2022. This gives the Company significant value in hand at attractive day rates, supporting an estimated backlog, as at 30 September 2022, of OMR 593 million for the years 2023 through 2031, equivalent to more than the last five full years of revenue.

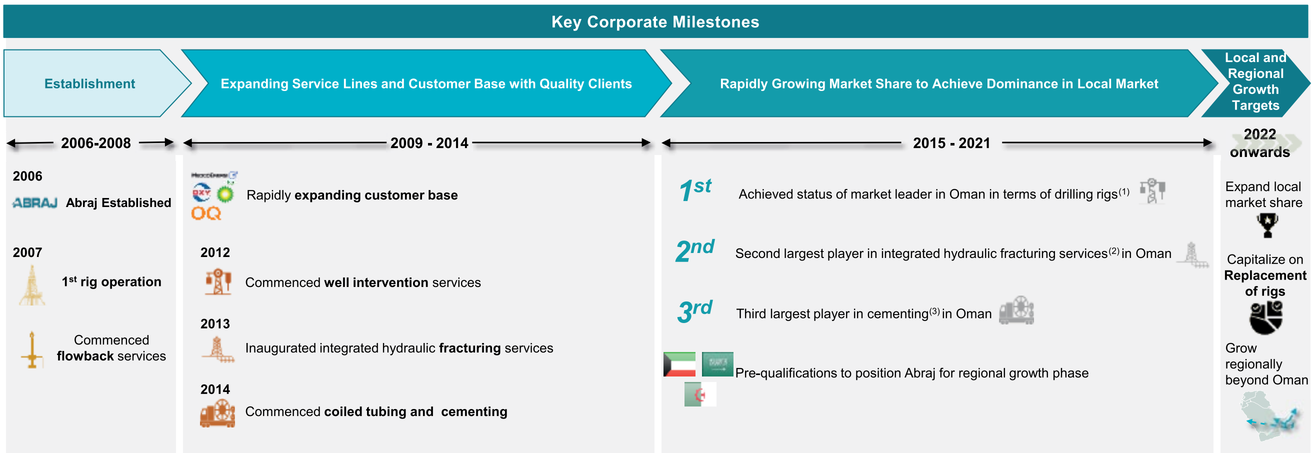
The Company is committed to ensuring that all of its facilities and operations function at high standards of operational excellence and safety. Among others, its HSE management system has been certified as OHSAS 45001 and OHSAS 14001 compliant, its quality management system has been certified as ISO 9001:2008 compliant and its drilling, workover and cementing services were among the first in Oman to have been certified as API Q2 compliant.

For the year ended 31 December 2021, the Company earned revenue from contracts with customers of OMR 124.5 million, Adjusted EBITDA of OMR 46.8 million and an Adjusted EBITDA margin of 37.6 per cent. For the nine months ended 30 September 2022, the Company earned revenue of OMR 102.4 million, Adjusted EBITDA of OMR 38.4 million and an Adjusted EBITDA margin of 37.5 per cent.

History

Since commencing operations in 2007, the Company has drilled over 6,000 kilometres, including drilling an average of 250 wells per year between 2019 and 2022. The following chart sets out significant dates in the Company's corporate history since its establishment in 2006:

National Champion with Long Standing History of Resilient Growth



Notes:
(1) As per the Market Report.
(2) As per number of fracturing fleets per service company, according to Management estimates.
(3) As per number of cementing units per service company, according to Management estimates.

Competitive Strengths

The Company believes that it is well positioned to execute and achieve its business goals based on the following competitive strengths:

Leading onshore oil and gas field services provider in Oman, with a wide service offering including drilling, workover and well services

With a market share of 29 per cent. as at 30 June 2022, the Company is the leading provider of onshore drilling services in Oman, as measured by the number of contracted operating drilling rigs in 2022. The Company's rig fleet, comprising 25 drilling rigs and five workover rigs, is one of the youngest in the MENA region, and provides services through the Company's Drilling and Workover Services segment. These services are complemented by those provided by the Company's Well Services segment, which include hydraulic fracturing, cementing and coil tubing. The Company is currently the only well services company founded in the GCC that is able to provide integrated hydraulic fracturing services to increase the production of oil and gas wells, and has been a regional pioneer in deploying these services for the development of unconventional deep tight oil and gas in Oman. To support the Company's cementing services, as well as its research and development activities, the Company also operates one of the largest, advanced full range cementing laboratories in Oman. The Company's onshore oil field service offering benefits in turn from favourable Omani market fundamentals, including low unit economic costs, increasing gas production and supportive government policies, which combine to make Oman an attractive market for oil and gas exploration companies.

Favourable market and sector fundamentals

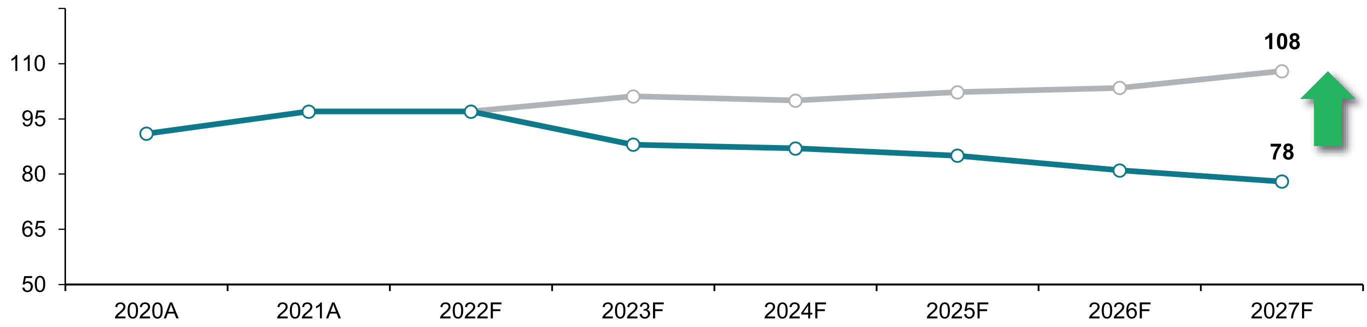
According to the Market Consultant, Oman benefits from a number of favourable market and sector fundamentals, including:

- having among the lowest average gas extraction and oil extraction costs in the world;
- benefiting from a highly developed oil and gas infrastructure and supply chain;
- being a leading proponent of enhanced oil recovery ("EOR") in the MENA region;
- having a well-established fiscal and regulatory regime that supports the industry, including a cost recovery mechanism and pricing benchmarks;
- maintaining a stable operating environment that enjoys active IOC participation and stable long-term agreements with upstream players;

- having a fiscal regime that is flexible and open to bidding and/or negotiation with the Ministry of Energy and Minerals;
- introducing tax terms to incentivize challenging projects, some of which are critical to Oman's energy security;
- having an attractive and stable operating environment;
- having licensing rounds that have attracted strong interest from investors; and
- providing other Government incentives to upstream operators such as the payment of their income tax derived from upstream operations from the Government's portion of profit share.

These market fundamentals are complemented by several factors, including the notably longer duration of drilling contracts in Oman than in other MENA drilling markets. These fundamentals contribute to the resilience of the Omani drilling rig market during market cyclicality, allow for more stable day rates (as day rates are fixed for a longer period) and increase the market's attractiveness for drilling contractors. In addition, Oman has a diverse E&P landscape, with an increasing presence of large international operators in the market that enhance backlog quality and foster adherence to high HSE standards and technical advancements. Furthermore, Oman is a growing market for drilling and intervention services, with rig demand expected to rise in line with production increases, and frequent infill drilling and interventions are required to offset the natural field level production declines. As a result, the Market Consultant expects the onshore drilling market to grow at a CAGR of 2.5 per cent., drilling contractor expenditure to grow at a CAGR of 6.1 per cent. and the onshore well intervention market to grow at a CAGR of 5.5 per cent., in each case between 2021 and 2027, leading to approximately US$5 billion in projected drilling expenditure over the period. The growth in well interventions in this period is expected to be driven by the Omani market. The Market Consultant forecasts that by 2027, up to 11 potential new build rigs will be added to the Omani market. Moreover, drilling activity in Oman and the wider MENA region has proven to be resilient in the face of oil market fluctuations, with rig years (i.e., the number of years of 100 per cent. utilisation for one rig) growing steadily in Oman since 2013, even in periods of decreasing oil prices.

In the face of this increasing demand, many rigs in Oman are aging and will need to be replaced in the coming years, as set out in the following graph, which illustrates a possible rig replacement scenario if rigs older than 25 years are retired, with 30 new rigs being required by 2027, comprising 19 replacement rigs and 11 new builds. Out of the 19 potential replacement rigs, four have already been contracted as of 5 December 2022. The Company believes that it is well-placed to provide this required additional rig supply.



Source: The Market Report.

A well-invested fleet of modern, built-for-purpose rigs

The Company's fleet of 25 drilling rigs and five workover rigs is among the youngest and most modern working in the MENA region, with an average rig age of 8.6 years and 12.4 years, respectively, as at 31 December 2022. The Company's rigs are characterised by a number of Omani market "firsts", including the first joystick controlled and disc brake rigs; the first highly mechanised rigs; the first fast moving, heavy mobile rigs; and the first variable frequency drive ("**VFD**") rigs. As a result of the significant investment made by the Company in previous years, the Company is able to leverage its rig fleet to attract top-tier customers at attractive day rates and minimise maintenance and repair expenses and capital expenditure to optimise its financial performance. When coupled with its fleet's diverse horsepower capabilities (46.7 per cent. of the fleet has 0 – 1,000 HP, 6.7 per cent. of the fleet has 1,001 – 1,500 HP and 46.7 per cent. of the fleet has 1,501 – 2,000 HP), the Company believes that it is well positioned to benefit from rig demand across well types and compares favourably to fleets offered by competitors outside of Oman, in particular in the KSA and Kuwait, where rigs with horsepower of 1,500 or greater are in particularly high demand. In addition, the Company only acquires new-build rigs after it has (i) signed a term contract with an early termination penalty with a customer relating to that rig and (ii) secured bank financing, which it believes makes it more adaptable and responsive to its customer needs, and minimises the risk of rig downtime and the incurrence of capital expenditure without clear contract visibility.

The Company also believes that the technological capabilities of its modern fleet deliver greater operational efficiencies than many of the older rigs operated by its competitors. This can yield time and cost savings for its customers, a significant decrease in rig move duration flat time and reduced non-productive time, thereby enhancing its customers' ability to deliver more wells. In addition, the Company believes that these features also support its ability to seek higher day rates.

Revenue visibility that reflects long standing relationships with a diverse customer base that drives a healthy backlog with a long contract duration

The Company benefits from a diverse customer base consisting of Omani NOCs, IOCs and hybrid companies. In particular, its relationship with NOC OQ EP and hybrid operator PDO, which accounted for 6 per cent. and 55 per cent., respectively, of the Company's revenue in the nine months ended 30 September 2022, supports the Company's position as a leading national drilling champion in Oman. Additionally, the Company also caters to independent operators, including CC Energy Development Oman and Petrogas Rima, as well as international oil and gas companies such as BP, Medco and Occidental, which collectively accounted for 38 per cent. of the Company's revenue in the nine months ended 30 September 2022 and have allowed it to diversify its customer base and capitalise on their growing share of the Omani onshore oil field services market.

The Company's strong, long-standing relationships with its customers support its estimated revenue backlog, as at 30 September 2022, of OMR 593 million for the years 2023 through 2031, of which OMR 248 million comprised firm contracts and the balance comprised extension options. This backlog reflects the Company's long-term contracts, which typically have an initial firm period of three to six years and include optional extension periods that have historically been exercised. This has resulted in the average remaining duration of the Company's Drilling, Workover Services and Well Services contracts being 3.8 years, 7.9 years and 9.6 years, respectively, in each case as at 30 September 2022. In addition, as at 30 September 2022, nine of the Company's rigs had a remaining contract duration of seven years or more. The Company believes that its high conversion rate for extension options reflects the strength of its customer relationships, and that this has been a key factor supporting its high average contract length, which the Market Consultant believes to be one of the highest among the Company's competitors in the MENA region. Further evidencing the strength of the customer relationships which underpin its backlog, since 2007, there has been only one instance where an extension option was not exercised following completion of the firm contract, and several instances where additional extension periods were requested beyond those contained in the original contract. Moreover, the Company has never had a contract terminated for cause.

A business that benefits from high barriers to entry in Oman

The Company believes that its business benefits from three competitive primary barriers to entry: the Company's established track record with its key customers; its ability to differentiate itself by the technological characteristics of its equipment; and the high switching costs associated with changing operations from the Company to another service provider.

The Company has a well-established relationship with leading national and international operators in Oman, and has already cleared their extensive qualification processes. The qualification process required of an oil field services company can last for multiple years and generally requires high HSE standards and verifiable KPIs, a solid track-record and strict asset standards, which are all requirements the Company has met and that form a significant barrier to entry for newcomers.

The Company also operates a modern, high specification fleet consisting largely of mechanised Silicon Controlled Rectifier ("**SCR**") and VFD rigs. Modern and mechanised rigs allow for better equipment control that enhances drilling efficiency and rig safety, lowers fuel consumption and reduces wear and tear. This enables NPT reductions, which is a crucial parameter in the qualification process. In addition, drilling rigs can be relocated more than 20 times within one project during a year. The Company's fast-moving rigs offer significant value for its customers by reducing moving time and expediting first production. The Company believes that these qualities enhance its competitive position relative to other onshore oil field service companies in Oman.

Finally, it is generally more cost-effective for a customer to continue drilling with its incumbent oil field services provider rather than incur the costs and downtime associated with switching to a new rig supplier. As the leading provider of onshore drilling services in Oman, as measured by the number of contracted operating drilling rigs in 2022, the Company benefits more than other providers from the relative inelasticity of drilling services.

Robust financial performance characterized by strong growth, margins and cash flow generation capabilities

The Company boasts strong revenue growth that is supported by an increasing number of drilling rigs that generate stable revenue per rig, and it leverages its scale and operational excellence to drive further revenue growth and free cash flow, thereby supporting the distribution of dividends. Since its founding in 2006, the Company has continuously expanded its presence in the Omani onshore oil and gas field services market, despite periods of global oil and gas market volatility, which has resulted in a revenue CAGR of 23 per cent. from 2007 to 2021. The Company's revenue growth, ongoing operational efficiency improvements, purchase of new rigs (which it can contract out at higher rates) and comparatively low cost base have together allowed it to generate market-leading Adjusted EBITDA margins when compared to regional and global peer averages, with an average Adjusted EBITDA margin of 34.4 per cent. for the Company, compared to 32 per cent. and 19 per cent. for its regional and global peer averages, respectively, for the period from 2019 to 2021, according to Capital IQ. The Company also maintained a strong free cash flow position and dividend pay-out ratio of 30 per cent. of profit and total comprehensive income for the year in each of the last three years.

A strong health, safety and environment culture

The Company believes that it is a leader in HSE due to its commitment to operating an incident-free work environment and the HSE management system it has put in place to achieve this. The Company's HSE management system aims to ensure that all of the Company's facilities and operations operate at the highest standards of quality, operational excellence and safety. In addition to being certified as conforming with ISO 9001, 45001 and 14001, the Company was one of the first in Oman to have received the API Q2 quality compliance certification for drilling, workover and cementing, and its well services are currently undergoing the process of becoming API Q2 certified. The HSE department has implemented extensive training and awareness programmes and campaigns to increase safety awareness within the organisation, minimise time lost to injuries and permanent disabilities, and provide its customers with safe and effective drilling, workover and well services solutions.

The Company is currently refreshing its business strategy to integrate and strengthen its approach to sustainability issues. In particular, the Company is targeting improvements with respect to greenhouse gases ("**GHG**") and other emissions, climate adaptation and transition, and its work with local communities. It has added sustainability-related key performance indicators as functional and operational targets, and plans to increase visibility regarding its ESG-related performance indicators, including through preparing its first sustainability report. The pillars of the Company's evolving ESG framework are:

- sustainability: the awareness and integration of sustainability throughout the organization while undertaking several initiatives that deliver sustainability data and results;
- strategy: the Company is currently refreshing its business strategy and is on track to integrate its approach to sustainability;
- compliance: the Company is compliant on corporate and regulatory levels;
- monitoring: sustainability KPIs exist as functional and operational outcomes, which allows greater monitoring of ESG targets; and
- corporate social responsibility: the Company is working on promoting its corporate social responsibility, in-country value and other achievements.

The Company believes its strong safety culture is illustrated by its low LTIF of 0.11 as at 30 September 2022 and 0.37 for the year ended 31 December 2021, and its low TRCF of 0.54 as at 30 September 2022 and 1.61 for the year ended 31 December 2021. Moreover, the Company has had zero fatalities in the past ten years.

A highly experienced management team with a proven track record of growing the business and creating value, coupled with a committed shareholder base

The Company's management team unites several decades of experience, including at other leading Omani NOCs and international companies. More than half of the senior management team has been with the Company for over ten years, providing stable leadership as the Company has cemented its reputation as a leader in the Omani oil and gas field services market. The Company's senior management team has overseen the Company's expansion into new services, including hydraulic fracturing, coiled tubing and cementing services, as well as the heavy rig business, and driven consistent revenue growth despite global oil and gas market volatility, resulting in a strong balance sheet coupled with leading Adjusted EBITDA margins. OQ has consistently offered support to develop the Company while maintaining an arm's length relationship, which has been beneficial in positioning the Company as a leading Omani onshore oil field services provider.


Abraj Energy Services LLC

Strategies

The Company's primary business objective is to grow shareholder value while maintaining its practice of securing long-term contracts and building its customer relationships by offering an integrated and complementary portfolio of onshore oil and gas field services. In accordance with this business objective, the Company has identified the following financial and operational targets. The Company's ability to achieve these targets is subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control. These targets have been developed based upon assumptions with respect to future business decisions and conditions that are subject to change. As a result, the Company's actual results may vary from the targets set forth below, and those variations may be material. Many of these business, economic and competitive uncertainties are described in "*Chapter IV—Risk Factors*". The Company does not undertake to publish updates as to its progress towards achieving any of the below targets or to reflect the occurrence of unanticipated events or circumstances. See "*Chapter IV—Risk Factors—The assumptions made in preparing the financial and operational targets included in the Prospectus may prove to be incorrect , incomplete or inaccurate and the Company's results may differ materially from the financial and operational targets*." and "*Forward-Looking Statements*" for further information. The Company has not defined the terms "medium term" or "long term" by reference to any specific period, and, unless otherwise specified, the targets below are not to be read as indicating that the Company is targeting or expecting such metrics in respect of any particular financial year. Subject to the foregoing, the Company is targeting (i) mid-single digit revenue growth in 2023 as compared to 2022, (ii) low double digit revenue growth each year between 2023 and 2027, (iii) stable adjusted EBITDA margins in 2023 as compared to 2022, with Adjusted EBITDA peaking at 40 per cent. in the long term, (iv) the net working capital-to-sales ratio remaining stable in the medium to long term, (v) capital expenditures of approximately US$550 million to US$600 million in the medium term and (vi) a net addition of 11 rigs by 2027. To achieve this, the Company plans to continue to execute the following strategies:

Further grow its leading domestic drilling market position by capturing new drilling activities and replacing aging rigs while capitalising on the lucrative growth in the well services market

The Company believes there are numerous opportunities in the Omani market to support further strong growth across its segments by leveraging the Company's existing capabilities, strong customer relationships and track record. The Company believes the local market has considerable growth opportunities to anchor its leading market position in Drilling Services while capitalizing on relationships with international operators that are expanding their operations in the Omani market. NOCs have also begun refurbishment waves to upgrade their existing fleets, which offers new rig contract opportunities to the Company. In particular, the Company plans to continue expanding its rig fleet over the next ten years, with a planned net addition of 11 drilling rigs by 2027, to reach a total of 36 drilling rigs.

The Company also intends to capitalise on the expected growth in drilling expenditure in the Omani market, which is driven in large part by the increased presence of international operators, as well as a significant increase in gas production. The Market Consultant forecasts a 6.1 per cent. CAGR from 2021 to 2027 for Omani drilling contractor expenditure, which will underpin Oman's estimated growth in production to reserve ratio growth from 3.8 per cent. in 2021 to 6.4 per cent. in 2027. This forecast is driven by new projects that are being developed primarily by the Company's existing customer base, creating an opportunity for additional rigs to be deployed in the period 2023 through 2027.

In addition, the Market Consultant believes that approximately 40 per cent. of the Omani rig fleet is older than 15 years, with an average rig age of 13.4 years compared to the Company's average rig age of 8.6 years. If rigs older than 25 years old are retired, the Market Consultant sees a market opportunity of 30 additional rigs, comprising 19 replacement rigs (of which four have already been contracted) and 11 new builds by 2027. The Company believes that the lower average age of its fleet provides it with a competitive advantage, and that it is well positioned to capitalise on customer demand for new rigs.

The Company also plans to further develop its Well Services segment by targeting projects in specific blocks in Oman, including blocks 6, 10, 60 and 61, which are being developed by, among others, some of the Company's existing customers (PDO, BP and OQ EP). The Company plans to rely on its strong customer relationships to secure additional cementing, hydraulic fracturing and coiled tubing contracts with those customers. For example, according to the Market Report, the Company's largest customer, PDO, is forecast to account for approximately 80 per cent. of all cementing expenditure in Oman between 2022 and 2027, and the Company believes it can leverage its strong relationship with PDO to capture further cementing work from them. In addition, the Market Report forecasts that potential hydraulic fracturing expenditure in Oman will be US$222 million between 2021 and 2027, accelerated in part by the Mabrouk North East field development.

Establish a market position in the MENA region by bidding in key regional markets, primarily in Kuwait, and offer the Company's services to customers in other regional markets

The Company believes there are numerous opportunities to grow its business outside Oman, and has already received certain pre-qualifications in several key regional markets, with a particular focus on Kuwait. See "*—Operating Pre-qualification*". It aims to target bids over the next two years as part of its regional investment programme. In general, the MENA region is experiencing growing demand for onshore oil field services, and, according to the Market Report, there is particular potential for growth in Kuwait, where the market is forecast to support 25 additional rigs by 2027, and where the hydraulic fracturing market is forecast to grow by $300 million between 2021 and 2027. The Company plans to deploy rigs in the regional market over the medium-term, and believes that the quality of its rig fleet provides an opportunity to win new contracts from new and existing customers.

The Company is planning to build on its extensive track record as a major drilling player in Oman and its established performance and rig capabilities to penetrate other markets, in particular the Kuwaiti market, which is largely fragmented and has a higher day rate profile compared to Oman. The Company believes that it is well positioned to leverage its strengths to meet the technical conditions that have been established for entry into the Kuwaiti market, as illustrated by its recent signing of a contract to provide rigs for an oil field services project with Saudi Arabian Chevron Inc. and Kuwait Gulf Oil Company (K.S.C.) in the Wafra region of the Saudi Arabian-Kuwaiti neutral zone. For further details on this contract, see "Chapter XIII—Operating and Financial Review—Recent Developments" .

Furthermore, the Market Consultant has identified multiple opportunities in the drilling and well services businesses that the Company believes it can use to progress its greater regional journey. For example, the Company sees potential to offer coiled tubing services in Algeria, where Occidental (the second largest IOC operating in Algeria and one of the Company's current customers) has significant light intervention demand.

Operations

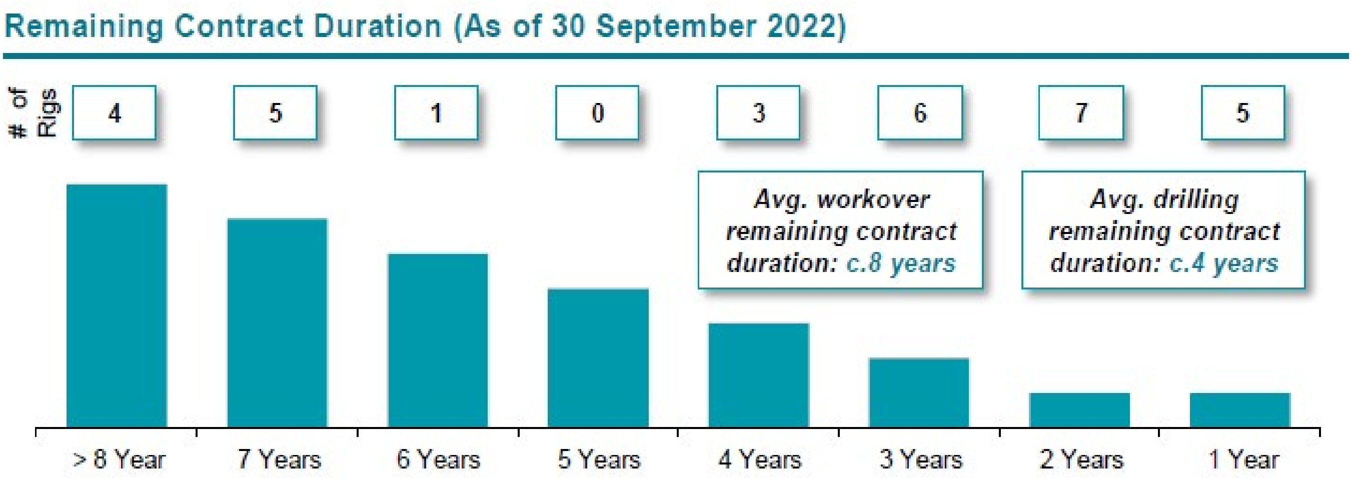
The Company operates its business through two segments, (i) Drilling and Workover Services and (ii) Well Services, as set out in further detail below.

Drilling and Workover Services

The Company provides drilling rigs, which are integrated systems used to drill new onshore oil and gas wells, primarily for Omani NOCs, hybrid and independent operators, and international oil and gas companies, together with associated services, including drilling equipment and personnel, fuel, portable water and accommodation. In addition, the Company provides workover rigs, which are used to maintain, restore and reinstate the integrity of existing wells. Workover services are provided to its customers during the entire well lifecycle, and include the following: restoring a production or injection well; re-completing a well to optimise performance; testing and reinstating the integrity of a well; abandoning a dry or old well; mitigating a high water cut in production wells; and reservoir stimulation and clean-outs. The Company also provides end-to-end rig move services, either directly or through third-party subcontractors. See "*–Rig Moves*". The Company's rigs are operated by its highly-qualified and trained employees, which allows it to provide its services in a safe environment while minimising non-productive time and flat time.

The Drilling and Workover Services segment generated revenue of OMR 108.4 million and OMR 91.6 million, or 87 per cent. and 89 per cent. of its total revenue for the year ended 31 December 2021 and the nine months ended 30 September 2022, respectively.

The following chart illustrates the average remaining contract duration for Drilling and Workover Services contracts as at 30 September 2022:



The Company believes that its rig fleet's strong record of minimal NPT/downtime (as demonstrated by its NPT ratio of 1.84 per cent. for the year ended 31 December 2021 and 1.7 per cent. for the nine months ended 30 September 2022), which reflects its relatively low average age, management excellence and the Company's core technological, maintenance and automation competencies, is a key contributing factor to the average length of its contracts.

Drilling Rig Fleet

The Company owns and operates 25 onshore drilling rigs. Of these, seven are less than six years old, 11 are between six and ten years old and the balance are between 11 and 16 years old. Six of the Company's drilling rigs have a capacity of 2000 HP, ten have a capacity of between 1500-1800 HP and nine have a capacity of 1000 HP. These capacities make the Company particularly well suited to expand into Kuwait and the KSA markets, where the Company has already received certain pre-qualifications and where demand for land rigs with these capacities is high. See "*– Operating Pre-qualification*".

The Company's drilling rigs provide a range of solutions to drill different types of oil and gas wells, from shallow wells to high pressure, high temperature exploration wells. The rigs' engines generate power which is transferred through a VFD or SCR to electrically power the rig equipment, which includes (i) a mast (or derrick), (ii) a top drive (or rotary table) that turns the drill string to rotate the drill bit, which drills into the borehole through the subsurface rock layers, (iii) mud pumps, which pump mud into the borehole to maintain hydrostatic pressure to prevent oil and gas coming to the surface as well as transporting rock cuttings to the surface by circulating the drilling fluid, (iv) draw-works, which are used to lift and lower the drill string into and out of the borehole and run casing into the hole to seal off the rock formations and (v) solid control equipment ("**SCE**") and mud tanks, which consist of active and reserve mud pits fitted with electric powered agitators. The intended well depth, borehole diameter and well deviation from segment are the principal factors that determine the size and specification of rig most suitable for a particular drilling project.

In the year ended 31 December 2021 and the nine months ended 30 September 2022, the Company's drilling rig fleet operated at 99.8 per cent. and 97.4 per cent. contracted rig utilisation, respectively.

The Company has grown its drilling rig fleet by acquiring new-build rigs rather than legacy rigs. The Company only acquires new-build rigs after it has (i) signed a term contract with early termination penalty with a customer relating to that rig and (ii) secured bank financing. As a result, the Company's drilling rig fleet is one of the youngest in the MENA region, with an average rig age of 8.6 years as at 31 December 2022. The average lead time for the acquisition of a new rig typically ranges from eight to 12 months. Six of the Company's drilling rigs include the latest generation pipe handling equipment, such as automated pipe bins and mud buckets, as well as lower guide arms, all of which the Company designed together with rig manufacturers and the Company's customers to meet their particular project needs. Further, 21 of the Company's 25 drilling rigs are wheel-mounted, which benefits customers by providing a significant decrease in rig move duration flat time compared to conventional skid-mounted rigs. All of the Company's drilling rigs have top-drive systems, which ensure greater drilling capabilities such as drilling-deviated and horizontal wells and are faster and safer to operate than Kelly-drive systems. In addition, they are all fitted with climate-controlled driller cabins with joystick controls. The majority of the Company's drilling rigs also feature modern handling equipment, which may include iron rough necks, pipe cat laydown systems, hydraulic elevators, power slips, casing running tools, auto drilling and soft torque.

The following table sets out the key specifications of the Company's drilling rigs as at 30 September 2022:

Rig no.	Horsepower	Year built	Contracted by	Status	Contract start / end	Non-productive time(1)
Rig 103	1000 HP	2014	Petrogas	Active	2019 / 2026	1.71%
Rig 104	1000 HP	2015	PDO	Active	2018 / 2022	0.90%
Rig 105	1000 HP	2017	Medco	Active	2017 / 2024	0.55%
Rig 106	1000 HP	2021	PDO	Active	2021 / 2027	3.74%
Rig 107	1000 HP	2021	PDO	Active	2021 / 2027	3.17%
Rig 108	1000 HP	2021	PDO	Active	2021 / 2027	0.52%
Rig 109	1000 HP	2021	PDO	Active	2021 / 2027	1.35%
Rig 110	1000 HP	2021	OQ EP	Active	2022 / 2025	N/A
Rig 111	1000 HP	2021	OQ EP	Active	2022 / 2025	N/A
Rig 201	1500 HP	2007	PDO	Active	2007 / 2024	0.13%
Rig 202	1500 HP	2007	PDO	Active	2007 / 2025	1.13%
Rig 203	1600 HP	2007	PDO	Active	2007 / 2025	7.65%
Rig 204	1600 HP	2007	CCED	Active	2010 / 2027	1.54%
Rig 205	1800 HP	2011	OQ EP	Active	2020 / 2023	5.72%
Rig 206	1800 HP	2011	OXY	Active	2018 / 2023	0.00%
Rig 207	1800 HP	2011	OXY	Active	2018 / 2023	0.75%
Rig 208	1600 HP	2011	OXY	Active	2018 / 2023	1.07%
Rig 209	1800 HP	2012	OXY	Active	2018 / 2023	0.09%
Rig 210	1800 HP	2012	OQ EP	Active	2020 / 2023	1.13%
Rig 301	2000 HP	2008	PDO	Active	2019 / 2022	8.20%
Rig 302	2000 HP	2014	PDO	Active	2018 / 2023	0.92%
Rig 303	2000 HP	2014	PDO	Active	2018 / 2024	0.67%
Rig 304	2000 HP	2014	PDO	Active	2018 / 2024	0.55%
Rig 305	2000 HP	2015	BP	Active	2015 / 2024	0.42%
Rig 306	2000 HP	2015	–	Stacked (2)	–	1.03%
					Average	**1.87%**

Notes:
(1) For the year ended 31 December 2021.
(2) This rig is in the process of recommissioning and has been contracted by ARA.

The Company plans to continue expanding its rig fleet over the next five years, with a planned net addition of 11 drilling rigs by 2027, to reach a total of 36 drilling rigs.

Workover Rig Fleet

The Company owns and operates a fleet of five workover rigs, which are used to support its workover services. Three of its rigs were acquired after it had signed contracts with customers, and two were formerly drilling rigs that it converted in response to customer demand. Its three 550 HP workover rigs, which are ten years old, are purpose-built for light and medium workover projects, while its two 750 HP workover rigs were refurbished in 2020 to be used in connection with heavy workover projects and high-risk wells.

The Company's workover rigs consist of a mobile carrier, which includes an engine, draw-works and a mast, together with other standard drilling accessories and specialised equipment for servicing wells. They are designed for the repair and periodic maintenance of oil and gas wells for which service intervention is required to maintain production and maximise the productive life of the wells. The primary function of workover rigs is to act as a hoist so that tubing, sucker rods and down-hole equipment can be pulled out of and rerun into a well. A workover rig also has the capacity to drill shallow wells or to side track an existing well.

In the year ended 31 December 2021 and the nine months ended 30 September 2022, the Company's workover rig fleet operated at 100 per cent. contracted rig utilisation.

The following table sets out the key specifications of the Company's workover rigs as at 30 September 2022:

Rig no.	Horsepower	Year built[2]	Contracted by	Status	Contract start / end	Non-productive time[1]
Hoist-001	550 HP	2012	PDO	Active	2011 / 2028	2.93%
Hoist-002	550 HP	2012	PDO	Active	2011 / 2028	2.40%
Hoist-003	550 HP	2012	PDO	Active	2011 / 2028	2.51%
Hoist-004	750 HP	2007	PDO	Active	2020 / 2030	1.32%
Hoist-005	750 HP	2007	PDO	Active	2020 / 2030	0.52%

Notes:
(1) For the year ended 31 December 2021.
(2) Hoists 4 and 5 were refurbished in 2020.

Rig Moves

The Company believes that it is recognised by its customers as one of the leading providers of rig move services in Oman, as the modern technological capabilities of its fleet can deliver greater operational efficiencies than many of the older rigs operated by its competitors, which can in turn yield time and cost savings for the Company's customers, a significant decrease in rig move duration flat time and reduced non-productive time. The Company maintains a diverse fleet of light-, medium- and heavy-horsepower rigs capable of drilling in, and moving across, desert environments. The Company provides end-to-end rig move services for various rig types and customer requirements, either directly or through third-party subcontractors. The Company's expertise in this area allows it to move customer rigs efficiently and safely, thereby enhancing its customers' ability to deliver more wells, which the Company believes to be a key competitive advantage.

Drilling rigs are moved between well sites using cranes, low-loaders and trucks. Workover rigs are typically self-propelled or carrier mounted, which makes them easier to move than drilling rigs. The majority of the Company's contracts provide for the payment of a lump sum by the customer in connection with each rig move, which results in increased revenue. Revenue is enhanced further when the Company is able to accelerate the delivery of the rig to its new location, which allows the rig to start operating sooner. The balance of contracts provide for the payment of a reduced rate to the Company where the customer manages the rig move.

Well Services

The Company provides a diverse portfolio of oil and gas well services through three business lines: hydraulic fracturing, which provides reservoir-oriented engineering solutions tailored to optimise reservoir productivity; cementing to support and protect well casings and help achieve zonal isolation; and coil tubing, which uses a coil tubing fleet to provide matrix and fracture stimulation, wellbore cleanout, logging, perforating, nitrogen kick-off, sand control, cementing, well circulation and mechanical isolation services.

The Well Services segment generated revenue of OMR 16.1 million and OMR 10.8 million, or 13 per cent. and 11 per cent. of the Company's total revenue for the year ended 31 December 2021 and the nine months ended 30 September 2022, respectively.

As at 30 September 2022, the Company's Well Services segment had an average remaining contract duration of 9.6 years. Approximately 60 per cent. of its Well Services contracts had a remaining duration of ten years, with the balance having a remaining duration of nine years.

Hydraulic Fracturing and Stimulation

Hydraulic fracturing and stimulation services provide reservoir-oriented engineering solutions tailored to optimise reservoir productivity. These services are used to improve production by releasing hydrocarbons where natural flows are restricted. The equipment and stimulation fluid portfolios are designed to deliver cost-effective customer solutions tailored to the operating environment, depth and complexity of their reservoirs. The Company is currently the only well services company founded in the GCC that is able to provide integrated hydraulic fracturing services to increase the production of oil and gas wells, and has been a regional pioneer in deploying these services for the development of unconventional deep tight oil and gas in Oman. Integrated fracturing services also include flowback and well testing. Flowback is necessary for initial well clean-up to remove fluids that were introduced to the well and any debris that accumulated in the wellbore, whereas well testing entails taking measurements while fluids are flowing from a reservoir. The Company provides these services with a fleet of 14 hydraulic fracturing pumps that have an aggregate capacity of 35,000 BHP, which can be combined with auxiliary equipment to provide two fleets for hydraulic fracturing and stimulation services. The Company also has a fully mobile stimulation laboratory that is used in connection with its hydraulic fracturing services, as well as a proven and tested in-house fluid technology.

Cementing

The Company provides cementing services from well construction to remedial work to ensure well integrity and proper zonal isolation that is designed to last throughout the life of the well. These services include in-house complex laboratory testing and customised cement blending at its well services base in Adam, Oman, followed by mixing and pressure pumping at customer well sites. The Company's portfolio offers a wide range of fit-for-purpose cementing systems for wells, ranging from lightweight slurry options as low as 7.5 pounds-per-gallon to heavyweight slurries as high as 21 pounds-per-gallon. The Company's technical teams provide customised placement solutions using advanced simulations, as well as by applying their expertise from previous projects, to achieve optimal well construction and/or remediation outcomes.

The Company operates nine cementing packages that include associated mixing and bulking accessories to provide its cementing services for drilling and workover rigs. The Company's cementing services can be designed to meet the particular demands of its customers, including gas migration prevention; durable materials; lightweight cement; foam cement; heavyweight cement; long-term isolation cement; lost circulation solutions; plug cementing; squeeze cementing; flexible cement; self-healing cement; and thermal cement. The Company also has the expertise to design and execute advanced cementing solutions, such as its ultra-fast SET gastight cement system to cap gas to reduce gas leaks, its Nano LATEX cement system for complicated well repair and water shut off, its advanced flow resistant cement system to cement across aquifer water flows and its CO2 resistant cement system to build carbon capture underground storage and cement across CO2-producing formations. To support these services, as well as the Company's research and development activities, the Company also operates one of the largest, advanced full range cementing laboratories in Oman.

Coiled Tubing

The Company operates a coil tubing fleet that provides an optimal portfolio of services and technologies to perform efficient and effective well interventions. Applications include matrix and fracture stimulation, wellbore cleanout, logging, perforating, nitrogen kick-off, sand control, cementing, well circulation and mechanical isolation services. Coiled tubing is a cost-effective and time-efficient solution for workover activities or well repair. Coiled tubing has a wide range of applications in matrix and fracture. The Company also has an in-house modelling and simulation team to assist in the provision of this service.

Operating Pre-qualification

As the leading provider of onshore drilling services in Oman, as measured by the number of contracted operating drilling rigs in 2022, the Company intends to leverage this experience to expand its business in key regional markets. Central to this strategy is obtaining pre-qualifications with key NOCs and oil and gas majors in these markets. The pre-qualification process, which can in certain cases take more than a year to complete, includes a review of the Company's financial statements, customer references, technical know-how and workforce competencies, and may include site visits. Obtaining pre-qualifications allows the Company to be invited to future tenders and, if successful, to enter new markets and diversify revenue streams.

The Company has obtained pre-qualifications in Kuwait, as well as in the KSA, Algeria and India (where the Company has been qualified to work with Cairn Energy). The following table sets out certain information regarding the status of the Company's pre-qualification applications:

Country	Customer or Potential Customer	Pre-qualification Application Status
Kuwait	Kuwait Oil Co. ; Saudi Arabian Chevron Inc. and Kuwait Gulf Oil Company (K.S.C.)	Pre-qualified for certain drilling and workover services. Currently seeking pre-qualification for certain cementing services and integrated fracturing services
KSA	Aramco	Pre-qualified for certain water well drilling services. Currently seeking pre-qualification for certain cementing services and integrated fracturing services
Algeria	Sonatrach	Pre-qualified for certain cementing, coil tubing and integrated fracturing services
India	Cairn	Pre-qualified for certain drilling and coil tubing services

Building on these pre-qualifications, the Company has recently signed a contract to provide rigs for an oil field services project with Saudi Arabian Chevron Inc. and Kuwait Gulf Oil Company (K.S.C.) in the Wafra region of the Saudi Arabian-Kuwaiti neutral zone. For further details on this contract, see *"Chapter XIII– Operating and Financial Review–Recent Developments"*. For further information regarding the markets in which the Company operates and into which it intends to expand, see "*Chapter X–Market Overview*".

Maintenance

The maintenance department is divided into four teams: well site maintenance, head office and workshop, field support and the Adam workshop team. The maintenance department is focused on three key maintenance types: preventive maintenance, predictive or condition-based maintenance, and breakdown or non-routine maintenance. The Company conducts this maintenance to maximize the availability and reliability of all operating systems and keep equipment and operating systems in good working order, thereby eliminating potential safety issues and ensuring high operational standards. The majority of maintenance work on the Company's equipment is carried out in-house, although for certifications and in other limited circumstances, the Company works with third parties, including the original equipment manufacturers. The maintenance department also oversees new initiatives, such as an initiative relating to oil refining and reduced fuel consumption, as well as improving the Company's predictive maintenance processes.

The Company inspects and maintains its rigs and well services equipment with reference to internationally recognised certification standards, such as the original equipment manufacturer guidelines, the American Petroleum Institute's Recommended Practices, as well as the Company's own best practices – including its Maintenance Management Manual and Standard Operating Procedures – and those of the industry in general. Equipment comprising the rig is also periodically independently recertified with reference to those standards. For example, four rigs successfully completed their 10-year major maintenance and recertification process in 2022.

The Company has used SAP software since 2013, and believes that it is one of a limited number of companies that use the SAP maintenance module at drilling sites, which allows for easy monitoring of maintenance work orders, tracking of equipment history and generation of reports for engineering analysis. It also uses separate software for its well services maintenance activities.

Customers

The Company maintains strong, long-standing customer relationships with the leading Omani NOCs, including OQ EP, hybrid operators such as PDO and independent operators, including CC Energy Development Oman, Ara Petroleum and Petrogas Rima. The Company's customers also include international oil and gas companies such as BP, Medco and Occidental. In the year ended 31 December 2021, 49.3 per cent. of the Company's revenue came from its largest customer, PDO, and 66 per cent. of its revenue was attributable to its Omani NOC and hybrid-owned customers (including PDO). The Company's customer portfolio reflects its ability to meet global standards in terms of quality, health, safety and environmental standards and reflects the confidence of its customers, particularly PDO and OQ EP, in its service offering. Notwithstanding the common ultimate Government ownership of the Company, PDO and OQ EP, the Company has competed, and will continue to compete, for contracts with PDO and OQ EP based on merit, on an arm's length basis and on terms that are comparable with those that could be obtained from unrelated third parties. See "*Chapter XV–Related Party Transactions and Material Contracts.*"

Contract Terms and Day Rates

The Company's contracts typically range from three- to six-years in duration (initial firm period), with the customer holding an option of multi-year extensions ranging from one to four years. As a result, the average remaining duration of the Company's Drilling, Workover Services and Well Services contracts was 3.8 years, 7.9 years and 9.6 years, respectively, in each case as at 30 September 2022. In addition, as at 30 September 2022, nine of the Company's rigs had a remaining contract duration of seven years or more. Since 2007, there has been only one instance where an option has not been exercised following completion of the firm contract, and several instances where additional extension periods were requested beyond those contained in the original contract. The Company believes that this high conversion rate in part reflects the strength of its customer relationships and a desire by both parties to avoid a prolonged tender process where possible. This has been a key factor driving its high average contract length, which the Market Consultant believes to be one of the highest among the Company's competitors in the MENA region.

The Company obtains its contracts through competitive tender processes. Tender processes vary by customer and project type. The Company's management team has significant experience navigating tender processes, which, in the Company's opinion, improves the Company's ability to win new contracts. The tender process typically begins with an invitation to tender for a project from a selection of oil and gas field service providers, but may be preceded by a request for an expression of interest. Interested service providers are invited to respond with detailed bids in respect of the commercial and technical components relating to the particular tender. The commercial component sets out the compensation methodology and pricing parameters, while the technical component sets out the scope of work, legal terms and conditions, HSE requirements and technical service and equipment specifications.

The customer will choose based on a range of criteria, which would typically include availability, price and technical suitability. A limited number of customers require the Company to post bid bonds when it tenders for a contract, and the Company is typically required to post performance bonds following the award of a contract. Performance bonds are generally triggered if there are specified, unremedied defaults in the services to be provided under the relevant contract. These bonds typically amount to 5 to 10 per cent. of the total contract value.

The Company's contracts typically require that, in addition to providing the principal drilling, workover and/or well services as specified in the contract, the Company must also provide employees, insurance, catering and accommodation. Certain of these ancillary services are subcontracted to third parties. Consumable items directly associated with the work undertaken by the Company, such as fuel and portable water, are also typically borne by the customer. Operational risks of breakdown and repair of the Company's rigs remain with the Company. Delays and/or losses resulting from adverse weather conditions either rest with the customer or are categorised as a force majeure event.

The Company's revenue is principally attributable to day rates payable in respect of the drilling and workover and well services provided. Different daily rates are typically provided for with respect to: (i) drilling activities; (ii) standby time; (iii) paid maintenance days; (iv) rig stacking; and (v) when a force majeure event has taken place. The Company charges additional fees for ancillary services, including catering services and accommodation in excess of pre-agreed contract amounts and for commuting. In addition, the Company also derives revenue from the provision of certain products used in connection with the foregoing services, such as chemicals, cement and proppant, as well as for equipment moves, and the mobilisation and demobilisation of its rigs, including either a fee or a specified day rate for movement of its rigs once operations have begun. Mobilisation charges, where applicable, reflect the cost of repositioning equipment to the new contract location, along with any modifications or upgrades required to be made to perform under the new contract. Demobilisation charges, where applicable, include the cost of repositioning and reinstating equipment to its original condition at the end of the contract and repositioning. These are typically lump sum charges paid by the customer at the beginning and the end of the contract.

Customer contracts are denominated in US Dollars or Omani Rial, with the majority being denominated in US Dollars. The payment terms specified in customer contracts typically range from 30 to 90 days.

The substantial majority of contracts are negotiated with an extension option clause for a certain length and day rate term. The options are exercisable at the customer's discretion with between 60 and 90 days' notice, depending on the duration of the option period. If a customer elects to extend the contract, the existing day rates typically continue to apply. This pricing dynamic usually provides an additional incentive for the customer to exercise the extension option, thus providing the Company with more certainty over the realisation of its backlog and revenue streams.

The Company's contracts also contain liability and indemnity provisions that the Company believes to be standard for the industry. In most cases, these provisions stipulate that each party to the contract takes responsibility for their own property, personnel and any subcontractors they engage in the performance of the contract.

The Company's contracts also typically contain both "for cause" and "for convenience" termination provisions. For cause termination would require a major default by one of the parties. The Company has not had a contract terminated for cause since it was established in 2006. A termination for convenience clause typically allows termination with a notice period of between 60 and 180 days. Termination for convenience is relatively rare, and since 2010, it has only happened twice. However, when it occurs (and assuming there is no breach or default by the Company), the Company is generally entitled to an early termination fee that is either calculated (i) with reference to the day rate multiplied by the remaining number of days under the contract, multiplied by a pre-determined factor, or (ii) as a pro-rata percentage of a pre-defined fee that is agreed at the inception of the contract. Contracts may provide for early termination for specific reasons, such as: (i) if the rig has not arrived at the specified location by a certain date; (ii) if there is a loss of or damage to the rig; (iii) if a force majeure event occurs; (iv) if the Company breaches its material obligations; (v) if the Company undergoes bankruptcy or liquidation; and (vi) in certain cases, at a customer's discretion, whether or not the Company is in default, by the settlement of all payments between both parties up to the date of termination and in some cases with notice to the Company.

When a rig contract ends, the Company will seek to enter into a new rig contract. The Company typically seeks a 10 per cent. increase in day rates for rigs that are less than 13 years old, and the same day rate for older rigs. For new rigs coming online, the Company expects an increase in day rates of at least of three to five per cent. compared to new rigs from 2021 in the same category.

Backlog

The Company's strong, long-standing relationships with its customers support its estimated backlog, as at 30 September 2022, of OMR 593 million for the years 2023 through 2031, of which OMR 248 million comprised firm period contracts and the balance comprised extension options. The Company considers backlog to be a key performance indicator of its business because it gives an indication of estimated future revenue and visibility on cash flows. The Company's contracts normally include two types of terms: (i) a firm period during which the customer commits to use a rig; and (ii) extension options that are exercisable at the discretion of the customer.

The Company calculates backlog as the sum of the following for each rig: (day rate x remaining days contracted (firm period and extension periods)) + contracted remaining mobilisation and demobilisation fees.

The Company calculates backlog annually for both the fixed terms of current contracts and the extension options set out in those contracts. The extension options do not represent guaranteed commitments from customers, but they do represent a contractual arrangement that the Company believes provides a reasonable indication of its future activity based on its operating history and course of dealing with customers. The Company's backlog reflects the estimated future revenue attributable to the remaining term of its existing firm period contracts and customer extension options across all of the Company's rigs. The Company includes new firm period contracts and extension options in the calculation of backlog only after it has entered into firm contracts with the relevant counterparties. The Company does not discount backlog amounts to present value. The Company assumes that these contracts will reach their full term and be extended for the duration of their option periods, based on its operating history and course of dealing with customers. Before the end of the fixed term contract, if the customer elects not to exercise the extension option, the Company seeks to identify other prospects for its rigs based on the expressions of interest, requests for quotation and invitations to tender received.

Overall market conditions have a direct impact on the number of contracts the Company has, their duration and the exercise of customer extension options, and therefore the Company's backlog. While backlog is a key performance indicator of the Company's future business, it may be adjusted up or down depending on any early cancellation of contracts, failure to exercise customer extension options and changes to the applicable day rate, among other factors.

The table below sets out the composition of the Company's estimated backlog for the years ending 31 December 2023 through 31 December 2031, as at 30 September 2022:

	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Total 2023-2031
										(*OMR'000*)
Firm period contracts	80	56	47	40	18	7	–	–	–	248
Customer extension options	53	68	54	22	29	39	41	37	8	351
Total	129	124	101	62	46	45	41	37	8	593

The Company's backlog estimates are subject to a number of assumptions and should not be relied on as an indication of future revenue, but reflect the Company's estimate of possible revenue should such assumptions prove true and absent any other unforeseen developments. For a discussion of certain factors that could affect actual revenue, see "*Chapter IV–Risk Factors–The Company's current backlog of contract revenue may not be fully realised and may decline significantly in the future.*"

Supplier Relationships and Inventory

The Company sources its rigs and the other equipment necessary to conduct its business from a diverse pool of qualified domestic and international suppliers. Supply contracts typically fall within one of three categories: binding pricing agreements in respect of future purchases of capital equipment (including rigs and well services assets) and non-binding rate agreements in respect of future purchases of spare parts and consumables, in each case over a specified period of time; purchase agreements in respect of capital equipment (including rigs and well services assets), spare parts and consumables; and lease agreements relating to the supply of equipment, such as water tanks and cranes, to support the execution of customer contracts. The Company uses competitive price bidding for procurement of contracts valued less than OMR 10,000, and uses a tendering process for procurement of contracts valued at OMR 10,000 or higher. The majority of these supply contracts are based on standard terms and conditions, and as applicable are typically valid for a three-year term, with the option to extend the term upon the mutual agreement of the parties. For further detail on the Company's material supply contracts, see "*–Material Contracts*".

Depending on the nature of the goods being procured, the Company may initiate a tender to solicit bids from multiple qualified suppliers. When the Company initiates a tender, it evaluates technical and commercial bids and typically awards the contract to one or more suppliers with the most efficient and cost-effective approach. The main factors the Company considers when awarding contracts are quality, price and delivery schedule.

While the Company sources its rigs from several suppliers, the majority of its rigs have been procured from National Oilwell Varco L.P. in the United States and Honghua International Co. Ltd. in China.

The Company categorises suppliers based on their criticality to the business, and it undertakes a due diligence process for certain critical suppliers to validate their capabilities. The Company also conducts an annual performance evaluation of its key suppliers.

The Company believes that the length and depth of its relationships with its key suppliers allows it to benefit from economies of scale in the procurement of goods and services. Relationships with suppliers also provide the Company with market intelligence on technologies which are sought after by end-users. Strong supplier relationships also allow quick turnaround of any urgent or unscheduled maintenance work or order changes.

The Company maintains a central warehouse in Al Misfah and a warehouse at its well services base in Adam, to help it meet operational demands and manage its inventory. Drilling rigs typically also have an on-premises drilling storage for key consumables and some critical spare parts. The Company has a dedicated subcontractor assigned to transport its equipment and spare parts from the central warehouse to field units.

Employees

The following table sets forth the number of employees of the Company by segment and at head office as at the dates indicated:

	As at 31 December			As at 30 September
	2019	2020	2021	2022
Drilling and Workover Services	1,769	1,821	2,195	2,229
Well Services	161	162	155	158
Head Office (Support)	159	163	176	188
Total	**2,089**	**2,146**	**2,526**	**2,575**

The Company has experienced no material labour disputes or strikes and believes employee relations to be good. As at the date of this Prospectus, the Company does not have any collective bargaining agreements with its employees or a trade union.

The Company recognises the importance of its compliance with Omani labour laws, including, in particular, the Government's "Omanisation" initiative, according to which companies are encouraged to employ Omanis in management, administrative and technical positions to reduce the country's reliance on foreign workers. The Government has set a general target of 80 per cent. Omanisation. However, the Company has exceeded this, and has maintained an Omanisation rate of over 90 per cent. for the years ended 31 December 2019, 2020, 2021 and 2022. In addition to the Government's Omanisation target, certain of the Company's contracts require the Company to maintain higher Omanisation rates for specific positions, such as 100 per cent. for unskilled and semi-skilled positions. For a further discussion of Omanisation, see "*Chapter IV—Risk Factors—Failure to recruit and retain key personnel and an inability to attract talent could adversely affect the Company's operations*."

The Company has not set up a private pension scheme. However, pursuant to Omani law, it contributes to the Public Authority for Social Insurance's social insurance funds on behalf of its employees.

The Company's Continuous Improvement ("**CI**") Board, a platform that allows all employees to share ideas for improvement, helped the Company to win the 2021 OPAL Award for Best Practice in Operational Excellence. In 2021, 537 CI ideas were generated and 284 were implemented. Through the CI programme, the Company has evolved from making project-based improvements to process improvements.

Training and Development

The Company is committed to promoting an environment of training and continuing professional development for its employees. The goal of the Company's Training Department is to provide personnel with the requisite knowledge and skills for effective engagement on every task. The Company conducted a comprehensive competency mapping exercise to develop a competency framework for the majority of jobs. The Company uses this competency mapping framework to assess which training modules its employees require and to monitor their continuous development. Furthermore, the Company has partnered with International Human Resources Development Corporation to develop an online tool, "Kafaa" (meaning "Competency" in Arabic), which helps the Company assess and develop individual development plans for its employees.

The Company believes that long-term, in-house training programmes, particularly in the crucial areas of maintenance, HSE and other operational aspects, helps it maintain the quality and skill of its staff. Training courses cover four categories: Mechanical Training (including an introduction to rig equipment, rig inspection, and air quality testing), Electrical Training (including AC generators, advanced VFD, and top drive electrical training), QHSE Training (including first aid and a course for PDO) and Drilling Operations (including International Well Control Forum ("**IWCF**") levels 2 through 4, BHA design, and stuck pipe prevention). Certain courses have been accredited by different organisations, including the National Training Fund, International Association of Drilling Contractors, IWCF, NPORS and Medic First. The Company also operates a graduate training programme to train future employees and executives. In line with national goals and the Company's own Omanisation goals, the Company has started an initiative to gradually replace expatriate workers in most critical positions by hiring Omani employees to work as mechanics and electricians, and then train them through a customised comprehensive training programme.

Performance Management

The Company also uses a Performance Management System to set objectives for its employees, monitor their performance and provide ongoing coaching. The CEO and senior management team are responsible for setting the Company's key performance metrics, which are approved by Shareholders and the Board, each year. These targets are shared with all employees after approval.

Environmental and Social Initiatives

The Company is strongly committed to environmental and social principles, and integrates environmental, social and governance ("**ESG**") matters into its strategic objectives. ESG is one of the Company's priorities, and it is cognizant of its responsibility to encourage sustainable practices in its policies, operations, and communities.

The Company plans to focus on the following key areas and targets:

- Climate, Emissions and Energy: decrease greenhouse gas intensity;
- Local Environment: minimise all impacts through a best in class environmental management system;
- Health, Safety and Security: continue to provide a safe work environment and aim for an incident free work environment, in addition to maintaining occupational health and safety-related accreditations (such as ISO 45001);
- Workforce Development: continue to ensure welfare and development of all employees, and use the Company's Kafaa competency framework to assess training needs and monitor employee development; and
- Business Sustainability: integrate risk management across the Company's operations and business planning, as well as strengthen collaboration in environmental protection, conservation and sustainable development.

Environmental

The Company believes that it has a responsibility to protect the health and safety of its people, minimise the consumption of resources and control emissions to ensure a sustainable ecosystem for future generations. The Company is committed to the protection and enhancement of the environment through monitoring, reporting and continual improvement of its environmental performance across a range of areas, including energy use, material consumption, emissions levels, water consumption and waste management. All waste is segregated on site before disposal into the relevant waste stream. Where possible, recyclable waste is sent to recycling facilities. An atmospheric air quality test is performed annually at all units to ensure that the Company's activities are within the required levels.

The Company has engaged a third-party consultant to assist it in developing a sustainability strategy, implementation roadmap and sustainability report. As part of this process, the consultant conducted a gap analysis exercise, which identified certain areas on which the Company intends to focus going forward, including in particular its GHG emissions. The Company also conducted a materiality assessment among its employees regarding the most important ESG issues facing the Company. The Company also plans to increase visibility regarding its ESG-related performance indicators, including through preparing its first sustainability report.

The Company is committed to minimising the environmental impact of its operations and to protecting biodiversity. It is currently developing a greenhouse gas calculation and monitoring system, as well as a sustainability roadmap and strategy. The Company has already started reducing diesel consumption with ideas generated through its CI programme. For example, it reduced the diesel consumption from eight rigs by 1.8 million litres in the period from June 2020 to June 2021, on a like-for-like basis, which is equivalent to 5,000 tonnes of CO_2.

Social

The Company is committed to fostering an inclusive culture and implementing and increasing workforce diversity. Ensuring fairness, equality and diversity in recruiting, compensating, motivating, retaining, and promoting employees is essential to the Company.

The Company recognises its responsibilities to the community and, through its corporate social responsibility activities, has supported relief following the Shaheen cyclone, and promoted health initiatives (including during the Covid-19 pandemic). In recent years, the Company has allocated over OMR 162,000 to these efforts.

In addition, in support of its in-country value objectives, the Company prioritises procurement of goods manufactured in Oman and services provided by Omani companies. The Company has more than 800 approved local suppliers, of which there are a substantial number of small and medium size enterprises ("**SME**"), Riyada card holders[1], as well as local community contractors ("**LCC**") operating within the oil and gas concession areas. The Company is committed to providing opportunities to SMEs and LCCs in line with the regulatory obligation to spend 10 per cent. of procurement spending with such companies. In 2020 and 2021, the Company exceeded the regulatory target, which was 17 per cent. of total procurement spending being with SMEs and LCCs. It also supports SME development by encouraging SME participation in Company tenders. The Company continues to acquire the majority of services through local companies, and in 2021, 86 per cent. of its total procurement spend was for services from local companies, of which 16 per cent. were SMEs and LCCs. In line with the Government's in-country value programme, the Company has made over US$50 million of purchases from SMEs, and contributed US$312 million of in-country value (calculated as the amount spent on made-in Oman goods, goods purchased from nationally-registered suppliers in Oman, and goods from SMEs, divided by the total amount spent on procurement) from 2020 to October 2022.

1 Riyada Cards, which are issued by Public Authority for the Development of Small and Medium Enterprises in the Sultanate of Oman, entitle the holder to obtain various forms of support, such as financing or service facilities, as well as priority to award of government tenders. These cards are issued to Omanis who supervise their business themselves and do not work in any other sector, whether governmental or private.

Health and Safety

The Company's HSE vision is to operate an incident-free work environment. The Company believes that it is unacceptable for people or the environment to be negatively impacted by its operations. This vision drives the way the Company conducts its operations and informs the design of its HSE management system. The Company expects management to challenge their teams to strive towards best safety practices, and to follow a zero-tolerance approach to unsafe actions. The Company's HSE department supports this by monitoring key HSE performance indicators, including LTIF and TRCF.

The Company is subject to general occupational health and safety laws in Oman, which provide a comprehensive regulatory framework aimed at improving health and safety standards in the workplace and protecting workers from various occupational hazards. The Company's HSE management system aims to ensure that all of its facilities and operations operate at the highest standards of quality, operational excellence and safety. For example, the Company uses CCTV to monitor sites and to improve its engineering controls and processes. The Company is a member of the Oman Society of Petroleum Services ("**OPAL**"), which aims to unite oil and gas companies in Oman to agree and promote high standards of work, as well as to increase competencies and professionalism among stakeholders. The HSE management system has been certified as conforming with ISO 9001, 45001 and 14001. The Company was also one of the first companies in Oman to have received the API Q2 quality compliance certification for drilling, workover and cementing. The HSE department has implemented extensive training programmes, campaigns and awareness programmes in order to increase safety aw areness and minimise time lost to injuries and permanent disabilities. The Company believes that its HSE management system is highly valued by its customers and provides it with a competitive edge when tendering for new projects, and that it also supports customer retention. As part of the tendering process, the Company is required to confirm that its HSE management system aligns with the requirements of its customers and, following contract awards to incorporate any new and material HSE requirements of its customers into its HSE management system. On-site compliance of the Company's HSE management system with its customers' requirements is then regularly reviewed by customer representatives.

The following chart sets out information regarding the Company's incident rates over the periods indicated :

	Year ended 31 December			**Nine months ended 30 September**
	2019	**2020**	**2021**	**2022**
LTIF[(1)]	0.55	0.70	0.37	0.11
TRCF[(2)]	1.37	1.25	1.61	0.54
RTAF[(3)]	0.59	0.00	0.19	0.10
Employee fatalities	0	0	0	0
HSE management system audit result[(4)]	97%	100%	100%	85%
Subcontractor HSE management system audit result[(5)]	100%	100%	100%	95%

Notes:
(1) Lost Time Injury Frequency, which reflects the lost time per million hours worked resulting from employee injuries.
(2) Total Recordable Case Frequency, which reflects the recordable injuries per million hours worked.
(3) Road Traffic Accident Frequency, which reflects the number of road traffic accidents per million kilometres driven.
(4) Score resulting from the internal assessment during the relevant period of the Company's compliance with its HSE management system.
(5) Score resulting from the internal assessment during the relevant period of the Company's subcontractors' compliance with its HSE management system requirements.

Insurance

The Company maintains insurance policies where practicable, covering its equipment and employees. The Company believes its insurance coverage, including policy specifications and insured limits, are in line with industry practice. The Company insures its rigs at replacement value against risks including property loss or damage, as well as breakdowns due to defects in material, design, erection or assembly. Certain customary exceptions apply, such as wilful misconduct and gross negligence (including environmental pollution caused by such acts of wilful misconduct or gross negligence), acts of war and terrorism. The Company also carries business interruption insurance to compensate for lost revenue in case one of its rigs is damaged, subject to an initial 30-day cooling off period. The Company's policies together provide an indemnity against sums which the Company becomes legally liable to pay as compensation for injury, loss or damage to a third party arising out of and in the course of its business, an indemnity against material damage to the Company's properties, and an indemnity against the loss of the Company's stock of products, in each case subject to deductibles and insured limits. For further details on the insurance-related risks to which the Company is exposed, see "*Chapter IV–Risk Factors–The Company's insurance and indemnities from its customers may not be adequate to cover potential losses from its operations*".

Properties

The following table set forth information regarding the Company's principal properties. All of the Company's land and associated buildings are leased, except in the case of its central warehouse at Al Misfah and its facility in Adam (which comprises workshops, warehouses, offices and a laboratory), where the Company owns the buildings.

The following table sets forth certain information about the Company's principal properties:

Location	**Function**	**Area (sq. m.)**	**Lease end date**
Muscat	Head office	3,058	31 July 2023
Al Misfah	Central warehouse	12,500	13 August 2027
Muscat	Training centre	1,400	31 December 2024
Adam	Well Services base	50,000	12 November 2026

All of the Company's properties are leased, with the head office, central warehouse and Well Services base being leased pursuant to a usufruct contract with the MHUP, and the training centre being leased from a private individual.

A new head office is currently being constructed in Airport Heights, Muscat, which will be leased pursuant to a usufruct contract with the MHUP. The Company expects construction to be completed in the first quarter of 2023 and expects to occupy the new head office in the third quarter of 2023.

Intellectual Property

The Company does not have any material intellectual property, save for its brand name and logo.

Information Technology

The Company's Information Technology ("**IT**") function aims to ensure that its information technology systems operate at the highest standards of operational excellence in alignment with the Company's business goals. The IT function employs a series of frameworks which aim to ensure operational excellence. These frameworks concern policies and procedures, strategy, service management systems, project management, risk management and information security management.

The Company has implemented SAP as the main ERP, covering all major business processes such as sales, customer relations, finance, human capital, supply chain management and maintenance. Other third party applications, such as Intelex and tasheel, provide additional support.

The Company has established policies aligned to ISO 27001 to protect its corporate data. It has also established disaster recovery sites for all critical applications. The IT Department conducts an annual technical risk assessment to improve the Company's informational security and address any gaps identified.

Legal Proceedings

From time to time, the Company is party to ordinary course litigation. There is no outstanding material governmental, legal or arbitration proceedings pending against the Company, and it is not aware of any such proceedings which are threatened.

Material Contracts

The Company has entered into the following contracts, which it considers to be material to its business.

Institutional Settlement Agreement

For a description of the Institutional Settlement Agreement (as defined below), see *"Chapter XIX–Subscription and Sale– Institutional Settlement Agreement".*

Financing Agreements

For a description of the Company's material financing agreements, see "*Chapter XIII–Operating and Financial Review–Financial Liabilities and Contractual Obligations*".

Customer Contracts

The Company has entered into four material contracts with its customers. For a description of the terms of the Company's customer contracts, see "*Chapter XI–Description of the Company and Business Overview– Contract Terms and Day Rates*".

Service Agreements

The Company is party to the following two material service contracts.

*Al Saj Al Abiyad Trading and Cont. Co. ("**Al Saj"**)*

In April 2021, the Company entered into a service contract with Al Saj Abiyad Trading and Cont. Co ("**Al Saj**") to provide rig move services to the Company's customers. The contract commenced on 29 April 2021 and will expire on 28 April 2024, subject to certain other contractual provisions, and is renewable by the Company for an additional one-year term upon expiry. The contract provides that the Company may terminate for convenience at any time, subject to payment by the Company of the amount owed for all work carried out and undertaken by the relevant counterparty but unpaid by the Company at the date the notice is served, or such later date for termination as is stated therein.

The Company's non-binding and indicative estimate of the value of this contract is approximately OMR 8.5 million. The pricing schedule sets the rig move rates, depending on whether the move takes place in North or South Oman, as well as day rates for assets and crew.

*Waleed Catering & Services Co. LLC ("**Waleed**")*

In March 2022, the Company entered into a services contract with Waleed to provide direct or subcontracted catering, housekeeping, laundry and other associated services to specified Company rigs and units, including accommodation for the Company's employees. The contract commenced on 1 April 2022 and will expire on 31 March 2024, subject to certain other contractual provisions, and is renewable by the Company for an additional one-year term upon expiry. The contract provides that the Company may terminate for convenience at any time, subject to payment by the Company of the amount owed for all work carried out and undertaken by the relevant counterparty but unpaid by the Company at the date the notice is served, or such later date for termination as is stated therein.

The Company's non-binding and indicative estimate of the value of this contract is approximately OMR 11.4 million.

Supply Agreements

From time to time, the Company enters into supply agreements with third parties. The Company has entered into four material supply agreements: one with NOV Muscat LLC ("**NOV Muscat**"), one with Amlaak Energy Services S.A.O.C. ("**Amlaak**"), and two with Oman Oil Marketing Company S.A.O.G.

NOV Muscat LLC

In January 2022, the Company entered into a supply agreement with NOV Muscat to supply NOV TDS 11SASH and 10SH parts to the Company. The contract commenced on 12 January 2022 and will expire on 11 January 2024. It is renewable by the Company for an additional one-year term upon expiry. The Company may cancel any order for convenience, subject to agreed cancellation charges.

The Company's non-binding and indicative estimate of the value of this contract is approximately US$21.1 million.

Amlaak Energy Services S.A.O.C.

In May 2021, the Company entered into an agreement with Amlaak for the supply and delivery of diesel fuel for the Company's rigs. The contract commenced on 1 June 2021 and will expire on 31 May 2023, and is renewable by the Company for two additional one-year terms. The contract provides that the Company may terminate for convenience at any time, subject to payment by the Company of the amount owed for all work carried out and undertaken by the relevant counterparty but unpaid by the Company at the date the notice is served, or such later date for termination as is stated therein.

The Company's non-binding and indicative estimate of the value of this contract is approximately OMR 6.8 million.

Oman Oil Marketing Company S.A.O.G.

The Company has entered into two material supply contracts with Oman Oil Marketing Company S.A.O.G. For more information on the agreements with Oman Oil Marketing Company S.A.O.G. see "*Chapter XV–Related Party Transactions and Material Contracts*".

Chapter XII
Selected Financial Information

The selected historical financial information set forth below as at and for the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022 has been derived from the Financial Statements. The Company's financial results for the nine months ended 30 September 2022 are not necessarily indicative of the results that can be expected for the full year. The financial information for the nine months ended 30 September 2021 is neither audited nor reviewed and is extracted from the Interim Financial Statements.

The following selected historical financial information should be read in conjunction with "*Presentation of Financial, Industry and Market Data*", "*Chapter XIII–Operating and Financial Review*" and "*Chapter XXIV–Historical Financial Statements*", including the notes thereto, included elsewhere in this Prospectus.

Statement of Profit or Loss and Other Comprehensive Income

	Year ended 31 December			Nine months ended 30 September	
	2019	**2020**	**2021**	**2021**	**2022**
				(unaudited)	
			(OMR'000)		
Revenue from contracts with customers	100,342	105,186	124,511	90,938	102,361
Cost of sales	(81,406)	(80,309)	(92,319)	(66,102)	(75,785)
Gross profit	18,936	24,877	32,192	24,836	26,576
General and administrative expenses	(6,304)	(7,307)	(5,423)	(2,973)	(4,529)
Other expenses	(636)	(1,160)	(941)	(729)	(962)
Other income	16	21	389	–	83
Expected credit loss reversal on trade receivables	(226)	123	13	49	(48)
Impairment of fixed assets	–	–	(636)	(233)	–
Operating profit	11,786	16,554	25,594	20,950	21,120
Finance costs	(4,214)	(3,595)	(4,307)	(3,471)	(4,559)
Finance income	870	463	226	194	389
Profit before tax	8,442	13,422	21,513	17,673	16,950
Taxation	(1,288)	(2,147)	(3,100)	(3,131)	(2,366)
Profit and total comprehensive income for the year / period	**7,154**	**11,275**	**18,413**	**14,542**	**14,584**

Statement of Financial Position

	As at 31 December			As at 30 September
	2019	**2020**	**2021**	**2022**
				(unaudited)
		(OMR'000)		
ASSETS				
Non-current assets				
Property, plant and equipment	155,524	153,646	184,377	197,446
Capital work-in-progress	3,518	4,098	20,225	–
Intangible assets	230	170	250	205
Deferred expenses - non-current	459	344	187	126
Right-of-use assets	3,765	5,936	4,935	4,988
Advances	–	–	1,972	1,392

	As at 31 December			As at 30 September
	2019	**2020**	**2021**	**2022**
Total non-current assets	**163,496**	**164,194**	**211,946**	**204,157**
Current assets				
Trade and other receivables	26,257	26,686	35,532	34,038
Advances and prepa yments	6,983	32,598	10,312	1,917
Inventories	12,610	14,531	14,163	18,272
Bank term deposits	–	4,751	9,958	18,266
Cash and cash equivalents	14,119	2,392	7,675	2,562
Deferred expenses - current	208	256	191	96
Total current assets	**60,177**	**81,214**	**77,831**	**75,151**
Total assets	**223,673**	**245,408**	**289,777**	**279,308**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	77,020	77,020	77,020	77,020
Legal reserve	4,441	5,569	7,410	8,868
Retained earnings	28,006	36,007	49,196	56,798
Total equity	**109,467**	**118,596**	**133,626**	**142,686**
Non-current liabilities				
Term loans – non-current portion	60,834	75,870	87,644	78,545
Deferred payment obligation	1,955	1,003	–	–
Deferred income	1,366	903	2,137	2,048
Deferred tax liability	4,342	4,386	4,209	4,434
Employees' end of services benefits	1,662	1,694	1,854	1,915
Lease liabilities - non-current portion	2,536	4,787	3,195	3,550
Total non-current liabilities	**72,695**	**88,643**	**99,039**	**90,492**
Current liabilities				
Term loan - current portion	19,555	12,269	15,330	19,006
Short term loan	1,200	–	–	–
Lease liabilities - current portion	1,265	1,265	1,944	1,672
Trade payables	7,657	11,792	24,763	9,677
Other payables	8,295	8,514	9,779	12,703
Deferred income	912	1,057	1,024	849
Deferred payment obligation	1,088	989	1,038	322
Income tax payable	1,539	2,283	3,234	1,901
Total current liabilities	**41,511**	**38,169**	**57,112**	**46,130**
Total liabilities	**114,206**	**126,812**	**156,151**	**136,622**
Total equity and liabilities	**223,673**	**245,408**	**289,777**	**279,308**

Statement of Cash Flows

	Year ended 31 December			Nine months ended 30 September	
	2019	**2020**	**2021**	**2021**	**2022**
				(unaudited)	
			(OMR'000)		
Net cash from operating activities	22,470	29,224	34,206	20,052	20,250
Net cash used in investing activities	(15,274)	(35,231)	(28,634)	(26,448)	(13,544)
Net cash from/(used in) financing activities	(26,551)	(5,720)	(289)	5,930	(11,819)
Net change in cash and cash equivalents	(19,355)	(11,727)	5,283	(466)	(5,113)

Other Financial and Operating Data

The following table sets out certain financial and operating data of the Company for the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022.

	As at and for the year ended 31 December			As at and for the nine months ended 30 September	
	2019	2020	2021	2021	2022
				(unaudited)	
		(OMR'000)			
Financial KPIs					
Revenue	100,342	105,186	124,511	90,938	102,361
of which:					
Drilling and Workover Services	90,403	89,456	108,406	78,649	91,581
Well Services	9,939	15,730	16,105	12,289	10,780
Adjusted EBITDA[1][2]	31,675	35,699	46,755	36,497	38,367
Gross profit margin[1]	18.9 %	23.7 %	25.9%	27.3%	26.%
Adjusted EBITDA margin[1]	31.6 %	33.9 %	37.6%	40.1%	37.5%
Net profit margin[1]	7.1 %	10.7 %	14.8%	16.0%	14.2%
Net debt[1]	71,271	87,048	90,480	95,836	81,945
Debt-to-equity[1]	78.0 %	79.4%	80.9%	79.9%	72.0%
Net debt-to-equity[1]	65.1 %	73.4%	67.7%	73.9%	57.4%
Net debt-to-Adjusted EBITDA[1]	2.3 x	2.4 x	1.9x	2.0 x[3]	1.6%[3]
Adjusted net working capital[1][4]	22,591	25,075	29,904	36,248	34,578
Dividend pay-out ratio[1][5]	30%	30%	30%	N/A	N/A
Return on assets[1]	3.2%	4.6%	6.4%	7.1%[3]	7.0%[3]
Return on equity[1]	6.5%	9.5%	13.8%	14.9%[3]	13.6%[3]
Return on capital employed[1]	6.5%	8.0%	11.0%	12.4%[3]	12.1%[3])
Free cash flow[1]	6,326	19,130	(15,357)	(8,111)	12,600
Interest coverage ratio[1]	7.5 x	9.9 x	10.9 x	10.5 x	8.4 x
Operating KPIs					
Number of rigs	24	24	28	28	30
Drilling rigs	19	19	23	23	25
Workover rigs	5	5	5	5	5
Contracted drilling rig utilisation	100%	100%	99.8%	99.8%	97.4 %
Contracted workover rig utilisation	100%	100%	100%	100%	100 %
NPT[6]	1.26%	0.86%	1.84%	1.87%	1.7 %
LTIF[6]	0.55	0.70	0.37	0.26	0.11
TRCF[6]	1.37	1.25	1.61	1.56	0.65
RTAF[6]	0.59	0.00	0.19	0.10	0.21
Employee fatalities[6]	0	0	0	0	0
HSE management system audit result[6]	97%	100%	100%	100%	74%
Subcontractor HSE management system audit result[6]	100%	100%	100%	100%	88%

Notes:
(1) See "*Presentation of Financial, Industry and Market Data–Non-IFRS Information and Certain Operational Data–Non-IFRS Information*".
(2) The following table sets forth a reconciliation of Adjusted EBITDA to net profit for the periods indicated:

	As at and for the year ended 31 December			As at and for the nine months ended 30 September	
	2019	**2020**	**2021**	**2021**	**2022**
		(OMR'000)			
					(unaudited)
Net profit for the period	7,154	11,275	18,413	14,542	14,584
Depreciation and amortisation	19,043	18,130	19,986	14,634	16,320
Finance costs	4,214	3,595	4,307	3,471	4,559
Finance income	(870)	(463)	(226)	(194)	(389)
Income tax	1,288	2,147	3,100	3,131	2,366
Other expenses	636	1,160	941	729	962
Other income	(16)	(21)	(389)	–	(83)
ECL reversal on trade receivables	226	(123)	(13)	(49)	48
Impairment reversal/ (loss) of fixed assets	–	–	636	233	–
Adjusted EBITDA	**31,675**	**35,700**	**46,755**	**36,497**	**38,367**

(3) Figures have been prepared on an annualised basis.
(4) The following table sets forth a reconciliation of Adjusted Net Working Capital to the Company's balance sheet for the periods indicated:

	As at and for the year ended 31 December			As at and for the nine months ended 30 September	
	2019	**2020**	**2021**	**2021**	**2022**
		(OMR'000)			
				(unaudited)	
Trade and other receivables	26,257	26,686	35,532	40,109	34,038
Advances and prepayments	6,983	32,598	12,284	2,920	1,917
Inventories	12,610	14,531	14,163	16,040	18,272
Deferred expenses - current	208	256	191	174	96
Trade payables	(7,657)	(11,792)	(24,763)	(13,227)	(9,677)
Other payables	(8,295)	(8,514)	(9,779)	(12,875)	(12,703)
Deferred income - current	(912)	(1,057)	(1,024)	(956)	(849)
Deferred payment obligation	(1,088)	(989)	(1,038)	(1,197)	(322)
Net working capital	**28,106**	**51,719**	**25,566**	**30,988**	**30,772**
Capex payables	1,468	5,954	16,622	8,180	5,723
Advances and prepayments	(6,983)	(32,598)	(12,284)	(2,920)	(1,917)
Adjusted net working capital	**22,591**	**25,075**	**29,904**	**36,248**	**34,578**

(5) Dividend pay-out ratio for the year ended 31 December 2019 is based on profit and total comprehensive income for the year ended 31 December 2018 of OMR 4.7 million.
(6) See "*Presentation of Financial, Industry and Market Data–Non-IFRS Information and Certain Operational Data–Certain Operational Data*".

Chapter XIII
Operating and Financial Review

This Chapter provides an analytical review of the Company's operational and financial performance as at and for the years ended 31 December 2019, 2020, and 2021 and as at and for the nine months ended 30 September 2021 and 2022.

You should read the following discussion of the Company's financial condition and results of operations in conjunction with the sections entitled "Presentation of Financial, Industry and Market Data", and "Chapter XII–Selected Financial Information", and with the Financial Statements included elsewhere in this Prospectus. The Financial Statements are prepared in accordance with IFRS. The following discussion and analysis contain forward-looking statements, including statements relating to the Company's plans, strategies, objectives, expectations, intentions, and resources. Although based on assumptions the Company considers reasonable, the Company's actual results could differ materially from those expressed or implied in such forward-looking statements. For a discussion of the related risks and uncertainties, please see the sections entitled "Forward-Looking Statements" and "Chapter IV–Risk Factors".

Overview

Established in 2006, the Company is the leading provider of onshore drilling services in Oman, as measured by the number of contracted operating drilling rigs as at 30 June 2022. Through its two business segments, (i) Drilling and Workover Services and (ii) Well Services, the Company provides a wide range of complementary onshore oil and gas field services. The Company's vision is to be the market leading provider of oil and gas field services in Oman, as well as one of the leading providers of these services in the region.

The Company operates its business through two segments:

- Drilling and Workover Services: The Company provides drilling rigs, which are integrated systems used to drill new onshore oil and gas wells for Omani NOCs, hybrid and independent operators, as well as international oil and gas companies. In addition, the Company provides workover rigs, which are used to maintain, restore and reinstate the integrity of existing wells.

  The Company operates one of the youngest drilling fleets in the MENA region, comprising 25 modern drilling rigs, with an average rig age of 8.6 years as at 31 December 2022 and a contracted drilling rig utilisation rate of 99.8 per cent. for the year ended 31 December 2021 and 97.4 per cent. for the nine months ended 30 September 2022. The Company had the leading drilling market share in Oman by the number of contracted operating drilling rigs (29 per cent.) as at 30 June 2022. The Company also operates five workover rigs, with an average rig age of 12.4 years as at 31 December 2022 and contracted workover rig utilisation rates of 100 per cent. for the year ended 31 December 2021 and the nine months ended 30 September 2022.

  The Company's Drilling and Workover Services segment accounted for 87 per cent. and 89 per cent. of its total revenue for the year ended 31 December 2021 and the nine months ended 30 September 2022, respectively. As at 30 September 2022, the Company's estimated backlog attributable to its Drilling and Workover Services contracts was OMR 499.9 million for the years 2023 through 2031.

- Well Services: The Company provides a diverse portfolio of oil and gas well services through three business lines: hydraulic fracturing, which is used to improve production in areas where natural oil and gas flows are restricted; cementing to support and protect well casings and help achieve zonal isolation; and coil tubing, which uses a coil tubing fleet to provide matrix and fracture stimulation, wellbore cleanout, logging, perforating, nitrogen kick-off, sand control, cementing, well circulation and mechanical isolation services.

  The Company's Well Services segment accounted for 13 per cent. and 11 per cent. of its total revenue for the year ended 31 December 2021 and the nine months ended 30 September 2022, respectively.

The Company maintains strong, long-standing customer relationships with the leading Omani NOCs, including OQ EP, hybrid operators such as PDO and independent operators, including CC Energy Development Oman, Ara Petroleum and Petrogas Rima. The Company's customers also include international oil and gas companies such as BP, Medco and Occidental, which reflects its ability to meet global quality standards. The Company benefits from long-term contracts, and the average remaining duration of its Drilling, Workover Services and Well Services contracts was 3.8 years, 7.9 years and 9.6 years, respectively, in each case as at 30 September 2022. This gives the Company significant value in hand at attractive day rates, supporting an estimated backlog, as at 30 September 2022, of OMR 593 million for the years 2023 through 2031.

For the year ended 31 December 2021, the Company earned revenue from contracts with customers of OMR 124.5 million, Adjusted EBITDA of OMR 46.8 million and an Adjusted EBITDA margin of 37.6 per cent. For the nine months ended 30 September 2022, the Company earned revenue of OMR 102.4 million, Adjusted EBITDA of OMR 38.4 million and an Adjusted EBITDA margin of 37.5 per cent.

Key Factors Affecting Results of Operations

The Company's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected the Company's results of operations in the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2022 and which the Company expects to affect its results of operations in the future.

Contractual terms

The Company's results of operations are substantially driven by the contractual terms pursuant to which it provides its services to its customers, in particular the day rates it charges and the length of its contracts, as well as the number of days during which a rig is operational and the utilisation of drilling rigs and other equipment. The Company may also agree to amend contracts to apply certain changes, such as changes in operating day rates, which will lead to a change in the revenue generated from contracts with these customers. For example, certain 1000 HP, 1600 HP and 2000 HP drilling rigs have in the past been commissioned at a fixed day rate, but that rate was subject to change if they were stacked for a specified period of time. Different day rates typically apply with respect to: (i) well installation and drilling activities; (ii) standby time; (iii) paid maintenance days; (iv) rig stacking; and (v) when a force majeure event has taken place. These rates are explained below:

- **Well installation and drilling activities**
  The Company charges fixed day rates to customers to cover the performance of the work done on site. The day rate may change due to a revision of contractual terms, macroeconomic changes (as day rates for some contracts may be linked to an oil price index) and force majeure events (which can result in stacking additional rigs and hence lower revenue). The Company also receives upfront mobilisation revenue from its customers, and receives demobilisation revenue upon completion or termination of a contract. This revenue is capitalised as deferred income and amortised on a straight-line basis over the duration of the contract and is recognised in the Company's income statement on a yearly basis against the incurred mobilisation and demobilisation cost. Rig move revenue is recognised during the period in which the drilling units are in transit between two different locations based on project requirements and primarily depends on the distance of the rig move (with longer rig moves generating higher revenue).

- **Standby time**
  The Company charges standby rates as a percentage of the day rate during the period of the contract when the drilling unit is fully manned and ready to start or resume operations, but is prevented from doing so due to the Company being unable to access a well location as a result of circumstances beyond the Company's control, a customer's failure to comply with the terms of a contract or standby instructions from a customer.

- **Paid maintenance days**
  Maintenance rates are typically calculated as a percentage of the day rate and are charged to the Company's customers when there is an interruption, delay or suspension of operations during a drilling programme.

- **Rig stacking**
  Stacking rates are typically calculated as a percentage of the day rate and are charged when a customer requests the Company to suspend operations and stack the equipment with or without a drilling crew.

- **Force majeure events**
  The force majeure rate is typically calculated as a percentage of the day rate and is charged to the Company's customers if operations are suspended as a result of a force majeure event.

Key factors which affect the profitability of the Company's contracts include (i) the customer and rig mix, as day rates are higher for certain customers and rig types (e.g., 2000 HP drilling rigs for certain customers have in the past been commissioned at higher day rates than similar drilling rigs contracted out to other customers); (ii) the level of demand for oil and gas, as this affects the oil and gas price index, and consequently the day rates for certain drilling rigs (e.g., certain 1800 HP drilling rigs have in the past been commissioned at oil price index-based day rates); and (iii) rig age, as newer rigs are typically contracted out at higher day rates, all else being equal.

The following table sets out the Company's average day rate by drilling rig type for the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022:

	For the year ended 31 December			For the nine months ended 30 September	
	2019	**2020**	**2021**	**2021**	**2022**
			(OMR'000)		
1000 HP	9.3	9.2	10.3	10.7	10.6
1500 HP	9.8	8.9	9.8	9.8	9.8
1600 HP	9.8	9.7	9.9	9.9	10.0
1800 HP	10.3	10.2	10.3	10.3	10.3
2000 HP	12.4	12.4	12.6	12.4	11.9

The average operating day rate for workover rigs for the years ended 31 December 2019, 2020 and 2021 was approximately OMR 4,000 to 5,000.

Global oil and gas demand conditions and customer capital expenditures

A key driver of demand for the Company's services is the level of demand for oil and gas products. When oil and gas demand rises, and prices consequently increase, oil and gas companies tend to increase investment in exploration, development, and production activities. See "*Chapter X–Market Overview*" for a detailed discussion of macroeconomic industry trends in Oman and the MENA region. According to the Market Report, global exploration and production ("**E&P**") capital expenditure is forecast to return to pre-Covid levels by the end of 2025, before stabilising at approximately US$500 billion by the end of 2030. E&P capital expenditure is forecast to grow by 1.9 per cent. per year from the year ended 31 December 2021 to the year ending 31 December 2030, according to the Market Report. The MENA region is forecasted to outpace most other regions in terms of capital expenditure investment growth, at approximately 12.0 per cent. growth per year through 2025 and approximately 3.0 per cent. growth per year thereafter through 2030, according to the Market Report. Oman is the largest non-OPEC oil producer in the MENA region and has among the lowest average gas extraction and oil extraction costs in the world with a highly developed oil and gas infrastructure. Consequently, oil and gas companies in Oman are forecast to increase spending for exploration, development, and production activities in the short- to medium-term, which would increase demand for the Company's services.

Historically, increases in oil and gas prices have stimulated upstream oil and gas companies to expand their exploration and drilling operations in Oman, which has led to increased demand for the Company's services and allows it to grow its rig count and increase day rates and the number of operational days. For example, due to increased oil and gas prices in 2021, the Company commissioned four new drilling rigs, escalated its day rates for certain rigs and increased the number of operational days. Conversely, while the Company is largely insulated from fluctuations in oil prices due to the long-term nature of its contracts, it nonetheless had lower day rates and increased rig standby periods and commissioned no new drilling rigs in 2020, when oil and gas prices decreased due to the pandemic.

Historically, oil and gas prices have been highly volatile and subject to large fluctuations in response to relatively minor changes in demand. The impact of price fluctuations varies across the Company's customer base and is subject to time lags due to the long-term nature and complexity of major oil and gas field developments and the commitments of national and international oil companies to continue drilling activities. In addition, according to the Market Report, drilling contracts in Oman typically run for longer durations than in other MENA drilling markets. As a result, the Company's revenues tend to be less sensitive to short-term price movements in oil and gas prices. However, over the longer term, sustained changes in oil and gas prices may affect demand for the Company's services.

In addition, certain of the Company's rig contracts are directly tied to oil prices. For instance, in 2015 the Company agreed with a customer that it would charge a day rate based on an oil price index. As a result, contract revenue from this customer decreased during the year ended 31 December 2020 compared to the year ended 31 December 2019 due to the decline in global oil prices.

Covid-19 impact

The Covid-19 pandemic led to decreases in oil and gas prices due to a global decrease in demand for much of 2020. In addition, pandemic-related restrictions led to certain of the Company's customers closing drilling sites. Consequently, the Company temporarily stacked certain of its rigs in 2020, which led to a 1.9 per cent. decrease in revenue generated from drilling rigs compared to the prior year. In addition, due to other Covid-19-related regulations, certain of the Company's employees were required to self-isolate, which resulted in higher accommodation and overtime costs. However, when demand for oil and gas (and oil and gas prices) began to recover in 2021, and pandemic-related restrictions began to ease, the Company ceased stacking its rigs, and its revenue and profitability returned to pre-pandemic levels.

Furthermore, because of the Covid-19 pandemic, in 2021 the Company reversed a bonus provision of OMR 1.2 million that was recorded in 2020, in order to save costs.

Rig fleet and rig utilisation rate

The Company's revenue is substantially driven by the number of rigs it has in operation and the utilisation rate of its rig fleet. For further information on the calculation of the Company's contracted rig utilisation rate, see "*Presentation of Financial, Industry and Market Data*" and "*Chapter XII–Selected Financial Information–Other Financial and Operating Data*". The Company increased its drilling rig fleet from 19 rigs as at 31 December 2019 to 25 rigs as at 30 September 2022. The Company also increased the size of its workover rig fleet from three rigs as at 31 December 2019 to five as at 31 December 2020, and it has maintained this workover rig fleet size since then.

The operational utilisation rate of the Company's drilling rigs (defined as the number of actual operating rig days excluding stack days, divided by total days per year) declined during the year ended 31 December 2020 due to the stacking of four drilling rigs as a result of the decrease in oil prices, and further declined during the year ended 31 December 2021 due to late commissioning of four drilling rigs. The operational drilling rig utilisation rate improved in the nine months ended 30 September 2022 due to less stacking during the period. The Company's workover rigs were fully utilised during the periods under review, with two new workover rigs added to the fleet during the year ended 31 December 2020.

The Company plans to continue expanding its drilling rig fleet over the next ten years, with a planned net addition of 11 drilling rigs by 2027, to reach a total of 36 drilling rigs. These new drilling rigs are expected to contribute to increased revenue, as well as increased capital expenditure and maintenance expenses. For example, the average capital expenditure for a 1,000 HP drilling rig built in 2021 is between OMR 9 million to OMR 11 million. The average capital expenditure per workover rig is between OMR 3 million and OMR 4 million.

The Company's workover rigs were fully utilised during the periods under review, with two new workover rigs added to the fleet during the year ended 31 December 2020.

Contract duration

The Company's contracts typically include two components: an initial firm period during which the customer commits to use the Company's assets (typically ranging from three to six years), and extension options that are exercisable at the discretion of the customer (typically ranging from one to four years). Contract duration typically depends on the level of work required from the customer, global market conditions and the technical specifications of each asset. As a result, the average remaining duration of the Company's Drilling, Workover Services and Well Services contracts was 3.8 years, 7.9 years and 9.6 years, respectively, in each case as at 30 September 2022. Since 2007, there has been only one instance where an extension option has not been exercised following completion of the initial firm period, and several instances where additional extension periods were requested beyond those contained in the original contract.

Competitive environment

There are a number of Omani and international industry participants seeking to win new contracts for drilling, workover and well services, both in Oman and in any other regional markets in which the Company may choose to compete, and the Company's ability to generate revenue depends in part on its ability to effectively compete with these other industry participants, both to win repeat business from existing customers and to attract new customers.

The Company's contracts are generally awarded on a competitive bid basis. Price competition is often the primary factor in determining which qualified contractor is awarded a tender, although rig availability, the quality and technical capability of services and equipment and a bidder's historical safety record can be prequalification factors and are therefore important competitive factors too. In order to maintain the Company's position in the market, the Company may provide competitive pricing on tenders or decide to absorb certain costs which results in lower revenue or profitability on some contracts in certain cases.

For a further discussion of the Company's competitive environment, see "*Chapter IV—Risk Factors—The Company faces significant competition*."

Cost base

The Company's primary costs relate to the operation of its rigs, including direct staff costs, materials and spares consumed, rig move expenses, camp and catering cost, equipment rentals and repairs and maintenance.

The Company has been able to reduce its costs through various cost saving initiatives and continuous improvement programmes that it has initiated in the last three years. The Company's cost saving programmes include, but are not limited to, (i) automation of the six new rigs it commissioned in 2021 and the nine months ended 30 September 2022, (ii) reducing required manpower by approximately 25.0 per cent. in these six new rigs (with the six new rigs only requiring 60 workers each, as compared to 80-85 workers each for the Company's existing 19 rigs), (iii) improvements in major rig equipment to reduce the time required to move a rig from one well to another, (iv) providing in-house workshop facilities for OEM specified maintenance schedules and condition based predictive maintenance, which has resulted in lower maintenance costs, and (v) providing in-house training facilities for field staff, which has allowed the Company to standardise the quality of training and resulted in reduced NPT.

The Company typically expects annual wage inflation of approximately 2 per cent. per year.

The Company's key fixed costs primarily include indirect employee-related costs such as basic salary, housing allowances, field allowances, and social security and other costs relating to depreciation and amortization, insurance, rent expenses, indirect utility expenses, and audit fees. The average annual wage inflation for the Company's rig crew is approximately two per cent. Key variable costs include cost of material and spares consumed, rig move costs, catering and camp expenses, repair and maintenance, inspection charges, third party recharge cost and employee costs relating to bonuses, and overtime. The majority of the Company's costs are related to variable costs, which gives the Company flexibility to scale its cost base according to operational needs and market conditions.

The following table sets out the Company's fixed and variable costs for the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022. The fixed to variable costs ratio for the Company's cost base for the period under review is approximately 75 per cent. (variable) and 25 per cent. (fixed).

	For the year ended 31 December			For the nine months ended 30 September	
	2019	2020	2021	2021	2022
			(OMR'000)		
Variable costs	63,762	64,482	73,821	52,293	60,343
Fixed costs	23,948	23,134	23,921	16,781	19,970
Total	**87,710**	**87,616**	**97,742**	**69,074**	**80,314**
Variable costs	72.7 %	73.6 %	75.5 %	75.7%	75.1%
Fixed costs	27.3 %	26.4 %	24.5 %	24.3%	24.9%

Basis of Preparation of Financial Statements

From 1 January 2022, the Company began formally reporting its financial results on a segmental basis, and it expects to continue to do so in future periods. The following table sets out the Company's financial results on a segmental basis for the nine months ended 30 September 2021 and 2022.

	Drilling & Workover		Well Services	
	For the nine months ended 30 September			
	2021	2022	2021	2022
		(OMR'000)		
Revenue	78,649	91,581	12,289	10,780
Gross profit	23,860	26,056	976	520
Operating profit	20,017	21,125	933	(5)
Finance costs	3,471	4,559	–	–
Finance income	194	389	–	–
Profit/(loss) before tax	16,869	17,309	804	(359)
Profit/(loss) for the period	13,851	14,919	691	(335)

Explanation of Key Line Items

Revenue from contracts with customers

The Company's revenue from contracts with customers comprises revenue recognised over time from drilling, workover and well services (which include fracturing, cementing and coiled tubing services). Revenue is recognised based on IFRS 15 (i.e., after providing the services), and the payment terms are agreed with the Company's customers according to the contract terms.

The Company also receives certain payments in advance, including mobilisation revenue (revenue earned by repositioning equipment to a new location and making any modifications or upgrades required to perform the new contract requirements). These revenues are capitalised as deferred income and amortised over the tenure of the contract.

Cost of sales

Cost of sales primarily includes (i) employee-related cost (including basic salaries and various allowances and benefits of all employees); (ii) depreciation and amortisation; (iii) materials and spares consumed; (iv) transportation costs (mainly related to rig moves); (v) camp and catering costs; (vi) equipment rentals (e.g., cranes, forklifts, trailers, and other light and heavy vehicles) to facilitate onshore rig moves and operations; and (vii) repair and maintenance charges.

General and administrative expenses

General and administrative expenses primarily include indirect employee-related costs, depreciation and amortisation, consumables and materials consumed by the head office, repair and maintenance expenses of the head office, legal and professional fees, and board of directors sitting fees and remuneration.

Other expenses

Other expenses represent the losses incurred by the Company from the sale of assets.

Other income

Other income primarily relates to income from the sale of scrap.

Expected credit loss provision / reversal on trade receivables

For trade receivables, the Company applies the simplified approach set out in IFRS 9 to measure the loss allowance at expected credit loss ("**ECL**"). The Company determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience and the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Impairment of assets

The Company carries out impairment testing for all its cash generating assets. The impairment test is conducted by comparing the net present value of the assets to their net book value on an annual basis.

Finance costs

Finance costs primarily represent interest paid by the Company on long term loans taken to finance fixed asset purchases and interest on lease liabilities as per IFRS 16.

Finance income

Finance income primarily represents interest income earned from fixed deposits held in banks.

Taxation

The Company is subject to income tax at the rate of 15.0 per cent. of taxable profits under Omani laws.

Recent Developments

The Company expects that its net profit for the year ended 31 December 2022 will be below its net profit for the year ended 31 December 2021 (OMR 18.4 million) largely due to certain exceptional items in 2021 (OMR 2.4 million). The exceptional items in 2021, which increased the Company's net profit during the period, reflected the (i) net receipt of an early termination fee from a customer that had terminated a contract for a drilling rig before the expiry of the contracted firm period and (ii) reversal of a bonus provision that was taken in 2020

In 2023, the Company intends to pay a dividend of OMR 15.4 million for the year ended 31 December 2022.

The Company has signed a contract with Saudi Arabian Chevron Inc. and Kuwait Gulf Oil Company to provide three rigs for a project in the Wafra fields of the Saudi Arabian-Kuwaiti neutral zone. Pursuant to the terms of the contract, the Company will provide two 1500 HP rigs and one 750 HP rig and related services. One or more additional 1500 HP rigs or 750 HP rigs may be provided, if requested by the clients. The contract commenced on 1 February 2023 and mobilization of all three rigs is scheduled for 2024. The term of the contract is for five years, with an option to extend for up to two one-year terms.

On 31 January 2023, the Company announced a memorandum of understanding (the "Memorandum") with EDO. Pursuant to the terms of the Memorandum, the Company is expected to provide EDO's affiliate, PDO, with a range of onshore oil and gas field services.

On 7 February 2023, the Company entered into a memorandum of understanding with Schlumberger Oman & Co LLC ("Schlumberger") regarding their intention to enter into a strategic partnership agreement after the completion of the Offer, which will focus on supporting the Company's expansion and diversification of its portfolio, including its energy transition journey. In addition, on 7 February 2023, OQ EP entered into a strategic partnering support agreement (the "Support Agreement"), pursuant to which, subject to the Offer closing and Schlumberger purchasing all of its Anchor Investor Shares as reflected elsewhere in this Prospectus, (i) OQ EP has agreed, inter alia, to support the appointment of a suitably qualified nominee of Schlumberger to the Board at the 2023 AGM, which is expected to take place by the end of March 2023, and at general meetings thereafter, and to not support any motion by another shareholder to remove Schlumberger's nominee (other than for cause), and (ii) Schlumberger has agreed, inter alia, to procure that any nominee of Schlumberger that is successfully appointed to the Board will resign from the Board if Schlumberger sells more than 10 per cent. of its Anchor Investor Shares.

Results of Operations

The table below presents the Company's statement of profit or loss for the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022.

	For the year ended 31 December			For the nine months ended 30 September	
	2019	2020	2021	2021	2022
		(Audited)		(Unaudited)	
			(OMR'000)		
Revenue from contracts with customers	100,342	105,186	124,511	90,938	102,361
Cost of sales	(81,406)	(80,309)	(92,319)	(66,102)	(75,785)
Gross profit	**18,936**	**24,877**	**32,192**	**24,836**	**26,576**
General and administrative expenses	(6,304)	(7,307)	(5,423)	(2,973)	(4,529)
Other expenses	(636)	(1,160)	(941)	(729)	(962)
Other income	16	21	389	–	83
ECL reversal / (charge) on trade receivables	(226)	123	13	49	(48)
Impairment of assets	–	–	(636)	(233)	–
Operating profit	**11,786**	**16,554**	**25,594**	**20,950**	**21,120**
Finance costs	(4,214)	(3,595)	(4,307)	(3,471)	(4,559)
Finance income	870	463	226	194	389
Profit before tax	**8,442**	**13,422**	**21,513**	**17,673**	**16,950**
Income tax	(1,288)	(2,147)	(3,100)	(3,131)	(2,366)
Net profit	**7,154**	**11,275**	**18,413**	**14,542**	**14,584**

The table below presents the breakdown of revenue from contracts with customers by segment for the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022.

	For the year ended 31 December			For the nine months ended 30 September	
	2019	2020	2021	2021	2022
			(OMR'000)		
Drilling and Workover Services	90,403	89,456	108,406	78,649	91,581
Well Services	9,939	15,730	16,105	12,289	10,780
Total	**100,342**	**105,186**	**124,511**	**90,938**	**102,361**

Comparison of the nine months ended 30 September 2022 and 30 September 2021

Revenue from contracts with customers

Revenue from contracts with customers for the nine months ended 30 September 2022 was OMR 102.4 million, an increase of OMR 11.4 million, or 12.6 per cent., from OMR 90.9 million for the nine months ended 30 September 2021. The increase was primarily driven by the new rigs commissioned in the nine months ended 30 September 2022 and the full year impact of rigs commissioned in 2021.

Drilling and workover services revenue accounted for 89.5 per cent. of total revenue for the nine months ended 30 September 2022 and increased by 16.4 per cent., or OMR 12.9 million, compared to the nine months ended 30 September 2021. The increase was due to the contribution to revenue from the new rigs commissioned in the nine months ended 30 September 2022 and the full year impact of rigs commissioned in 2021. These increases were partially offset by a drop in one rig's revenue, as that rig was stacked in the nine months ended 30 September 2022, and the impact of early termination fees earned in 2021 that were not repeated in 2022.

Well services revenue accounted for 10.5 per cent. of total revenue for the nine months ended 30 September 2022 and decreased by 12.3 per cent., or OMR 1.5 million, compared to the nine months ended 30 September 2021. The decrease was due to an OMR 0.6 million decrease in fracturing revenue that resulted from lower rates charged to a customer, a decrease in revenue attributable to cementing operations that was due to the loss of a contract in 2022 and a lower number of well services jobs.

Cost of sales

Cost of sales for the nine months ended 30 September 2022 was OMR 75.8 million, an increase of OMR 9.7 million, or 14.6 per cent. from OMR 66.1 million for the nine months ended 30 September 2021. The increase was primarily due to the addition of two rigs in the nine months ended 30 September 2022 and the full nine-month impact of rigs that were commissioned at various points in 2021.

The primary cost elements contributing to the increase in cost of sales were employee-related costs and repair and maintenance expenses, which were attributable to the addition of new rigs.

Gross profit

On the basis of the foregoing, gross profit for the nine months ended 30 September 2022 was OMR 26.6 million, an increase of OMR 1.7 million, or 7.0 per cent., from OMR 24.8 million for the nine months ended 30 September 2021. Gross profit margin for the nine months ended 30 September 2022 was 26.0 per cent., a decrease of 1.3 percentage points from 27.3 per cent. for the nine months ended 30 September 2021. The decrease was primarily driven by a drop in one rig's revenue, as that rig was stacked in the nine months ended 30 September 2022, the impact of early termination fees earned in 2021 that were not repeated in 2022 and the impact of fewer materials and spares having been consumed per rig in the nine months ended 30 September 2021.

General and administrative expenses

General and administrative expenses for the nine months ended 30 September 2022 were OMR 4.5 million, an increase of OMR 1.6 million, or 52.3 per cent. from OMR 3.0 million for the nine months ended 30 September 2021. The increase for the nine months ended 30 September 2022 was primarily due to an OMR 1.5 million increase in employee-related cost. The increase in employee-related cost was primarily due to the reversal of the 2020 bonus provision of OMR 1.2 million in the nine months ended 30 September 2021, as well as annual salary increases and the hiring of new employees for several head office positions.

Other expenses

Other expenses for the nine months ended 30 September 2022 were OMR 0.9 million, an increase of OMR 0.2 million, or 32.0 per cent., from OMR 0.7 million for the nine months ended 30 September 2021, due to losses on the disposal of fixed assets and expenses relating to the overhaul of fixed assets in accordance with the Company's rig maintenance schedule.

Other income

Other income for the nine months ended 30 September 2022 was OMR 0.01 million, an increase of OMR 0.01 million, from nil for the nine months ended 30 September 2021, which reflected the late payment penalty paid by a customer in respect of amounts due under an existing drilling contract.

ECL reversal on trade receivables

ECL reversal on trade receivables for the nine months ended 30 September 2022 and 2021 was OMR 0.05 million. The ECL reversal on trade receivables reflects the recovery of amounts that had been provisioned for in earlier periods.

Finance costs

Finance costs for the nine months ended 30 September 2022 were OMR 4.6 million, an increase of OMR 1.1 million, or 31.4 per cent., from OMR 3.5 million for the nine months ended 30 September 2021. The increase was primarily due to an increase in LIBOR rates, resulting in a higher interest rate payable on the Company's US Dollar-denominated loans, as well as the full drawdown of loans for the new rigs commissioned in 2022 and the full nine month period impact of the four new rigs commissioned in 2021.

Finance income

Finance income for the nine months ended 30 September 2022 was OMR 0.4 million, an increase of OMR 0.2 million from finance income of OMR 0.2 million for the nine months ended 30 September 2021, due to higher term deposit balances held by the Company at its banks.

Taxation

Taxation for the nine months ended 30 September 2022 was OMR 2.4 million, a decrease of OMR 0.8 million, or 24.4 per cent., from OMR 3.1 million for the nine months ended 30 September 2021. This decrease was driven by lower profit before tax during the period and was also due to deferred tax impact.

Profit for the nine months

As a result of the foregoing factors, profit for the nine months ended 30 September 2022 was OMR 14.6 million, compared to OMR 14.5 million for the nine months ended 30 September 2021. Profit margin for the nine months ended 30 September 2022 was 14.2 per cent., a decrease of 1.8 per cent. from profit margin of 16.0 per cent. for the nine months ended 30 September 2021.

Comparison of the years ended 31 December 2021 and 31 December 2020

Revenue from contracts with customers

Revenue from contracts with customers for the year ended 31 December 2021 was OMR 124.5 million, an increase of OMR 19.3 million, or 18.4 per cent., from OMR 105.2 million for the year ended 31 December 2020. This increase in revenue was primarily driven by the addition of four new rigs during the year which were contracted out at higher average day rates than the Company's older rigs, as well as the full year impact of two workover rigs commissioned in the year ended 31 December 2020. During the year ended 31 December 2021, the Company received an early termination fee from a customer that terminated a contract for a drilling rig before the expiry of the firm period.

Drilling and workover services revenue accounted for 87 per cent. of total revenue for the year ended 31 December 2021. Revenue from this segment increased compared to the year ended 31 December 2020 by 21.2 per cent. (OMR 19.0 million) due to (i) the commissioning of four new rigs in 2021; (ii) lower temporary stacking of rigs, given the recovery from the impact of the Covid-19 pandemic; (iii) higher mobilisation/demobilisation revenue from three drilling rigs due to the reallocation of these rigs to other customers upon the completion of contracts; (iv) the recognition of additional revenue from workover services due to the full year impact of two new workover rigs commissioned in 2020; and (v) the receipt of a payment as a result of the early termination of a drilling contract by a customer in August 2021.

Well services revenue accounted for 13 per cent. of total revenue for the year ended 31 December 2021. Revenue from this segment increased compared to the year ended 31 December 2020 by 2.3 per cent. (OMR 0.4 million) due to (i) additional revenue from new contracts for fracturing and cementing services; and (ii) an increase in revenue from INFITECH, the Company's training facility which provides training services to the Company's staff as well as to external customers.

Cost of sales

Cost of sales for the year ended 31 December 2021 was OMR 92.3 million, an increase of OMR 12.0 million or 15.0 per cent. from OMR 80.3 million for the year ended 31 December 2020. This increase was driven by the Company incurring the costs associated with the operation of four new rigs in the year ended 31 December 2021, which primarily related to an increase in direct employee-related costs, depreciation and amortisation, materials and spares consumed, transportation, camp and catering cost and repair and maintenance. This was partially offset by cost saving initiatives, which include higher efficiency in in-field rig moves, increased workshop facilities, lower manpower requirements for rigs, less equipment hired for fracturing services, and lower operating costs associated with cementing services during the year as part of the Company's efforts to save costs.

Gross profit

On the basis of the foregoing, gross profit for the year ended 31 December 2021 was OMR 32.2 million, an increase of OMR 7.3 million, or 29.4 per cent., from OMR 24.9 million for the year ended 31 December 2020. Gross profit margin for the year ended 31 December 2021 was 25.9 per cent., an increase of 2.2 percentage points from gross profit margin of 23.7 per cent. for the year ended 31 December 2020. The increase in gross profit margin was primarily due to (i) the commissioning of four new rigs in the year ended 31 December 2021, as these rigs were contracted out at higher average day rates than the Company's older rigs; (ii) lower fuel costs; and (iii) hiring less equipment (including drilling, fracturing and coil tubing equipment) compared to the year ended 31 December 2020.

General and administrative expenses

General and administrative expenses for the year ended 31 December 2021 were OMR 5.4 million, a decrease of OMR 1.9 million, or 25.8 per cent. from OMR 7.3 million for the year ended 31 December 2020. The decrease for the year ended 31 December 2021 was primarily driven by the reversal of a bonus provision of OMR 1.2 million that was taken in 2020. This was reversed in 2021 as the Company decided not to pay the 2020 bonuses because of the Covid-19 pandemic. The decrease was also impacted by the Company discontinuing the 13th-month salary payment (which is paid to the Omani nationals during the month of Ramadan) starting from the year ended 31 December 2021 as a part of its cost-saving efforts.

Other expenses

Other expenses for the year ended 31 December 2021 were OMR 0.9 million, a decrease of OMR 0.2 million, or 18.9 per cent. from OMR 1.2 million for the year ended 31 December 2020. This decrease was due to lower losses on the disposal of fixed assets and was partially offset by an increase in expenses relating to the overhaul of fixed assets in accordance with the Company's rig maintenance schedule.

Other income

Other income was OMR 0.4 million for the year ended 31 December 2021, an increase of OMR 0.4 million from the year ended 31 December 2020. This increase was primarily due to the receipt of compensation from a customer following the corrosion of certain assets as a result of an extended standby period following the termination of the customer's contract.

ECL reversal on trade receivables

ECL reversal on trade receivables decreased from OMR 0.1 million for the year ended 31 December 2020 to OMR 0.01 million for the year ended 31 December 2021. This related to the recovery of amounts from a customer during the year ended 31 December 2021 which had been provisioned in earlier years as ECL in accordance with IFRS.

Impairment of assets

Impairment of assets for the year ended 31 December 2021 was OMR 0.6 million, compared to a nil balance for the year ended 31 December 2020. The impairment related to the requirements of accounting standards under International Accounting Standards ("**IAS**") 36 relating to the assessment of circumstances that may indicate that the carrying value of certain fixed assets may not be recoverable through the value-in-use method.

Finance costs

Finance costs for the year ended 31 December 2021 were OMR 4.3 million, an increase of 19.8 per cent. or OMR 0.7 million from OMR 3.6 million for the year ended 31 December 2020. This increase was primarily driven by an increase in new loans for four new rigs commissioned in 2021. This was partially offset by savings in interest costs due to lower LIBOR rates applicable to the Company's US Dollar-denominated loans.

Finance income

Finance income for the year ended 31 December 2021 was OMR 0.2 million, a decrease of 51.2 per cent. from OMR 0.5 million for the year ended 31 December 2020. This decrease was primarily due to lower term deposits held by the Company at its banks.

Taxation

Taxation for the year ended 31 December 2021 amounted to OMR 3.1 million, an increase of 44.4 per cent. or OMR 1.0 million from taxation of OMR 2.1 million for the year ended 31 December 2020. The increase was driven by higher taxable profit during the period.

Profit for the year

As a result of the foregoing factors, profit for the year ended 31 December 2021 was OMR 18.4 million, an increase of 63.3 per cent. or OMR 7.1 million from profit of OMR 11.3 million for the year ended 31 December 2020. Profit margin for the year ended 31 December 2021 was 14.8 per cent., an increase of 4.1 percentage points from a profit margin of 10.7 per cent. for the year ended 31 December 2020.

Comparison of the years ended 31 December 2020 and 31 December 2019

Revenue from contracts with customers

Revenue from contracts with customers for the year ended 31 December 2020 was OMR 105.2 million, an increase of OMR 4.8 million, or 4.8 per cent., from OMR 100.3 million for the year ended 31 December 2019. The increase was primarily driven by an increase in revenue from well services of OMR 5.8 million, which was due to securing a new cementing job, as well as two new fracturing jobs during the year ended 31 December 2020. This increase was partially offset by the decrease in revenue from drilling and workover services of OMR 0.9 million due to the temporary stacking of four rigs as a result of issues relating to the Covid-19 pandemic (worksite restrictions and the decrease in oil prices).

Drilling and workover services revenue accounted for 85.0 per cent. of total revenue for the year ended 31 December 2020. Revenue from this segment decreased compared to the year ended 31 December 2019 by 1.0 per cent. (OMR 0.9 million) due to (i) longer standby periods for two drilling rigs; (ii) a decrease in revenue generated from four drilling rigs as a result of the stacking of the rigs due to Covid-19; (iii) declining revenue for four drilling rigs due to their being contractually indexed to oil prices (which were decreasing at the time); and (iv) a decrease in revenue generated from two workover rigs due to lower customer demand.

Well services revenue accounted for 15.0 per cent. of total revenue for the year ended 31 December 2020 and increased compared to the year ended 31 December 2019 by 58.3 per cent., or OMR 5.8 million, primarily due to additional revenue of OMR 3.7 million relating to new fracturing services contracts and OMR 1.7 million relating to cementing services contracts.

Cost of sales

Cost of sales for the year ended 31 December 2020 was OMR 80.3 million, a decrease of OMR 1.1 million, or 1.3 per cent. from OMR 81.4 million for the year ended 31 December 2019. The decrease was primarily due to a decrease in materials and spares consumed, repair and maintenance costs and equipment rental cost resulting from the decrease in operations and the temporary stacking of four drilling rigs due to the pandemic, as described above.

Gross profit

On the basis of the foregoing, gross profit for the year ended 31 December 2020 was OMR 24.9 million, an increase of OMR 5.9 million, or 31.4 per cent., from OMR 18.9 million for the year ended 31 December 2019. Gross profit margin for the year ended 31 December 2020 was 23.7 per cent., an increase of 4.8 percentage points from 18.9 per cent. for the year ended 31 December 2019 mainly driven by the increase in revenue from securing new fracturing and cementing jobs at higher margins, in addition to an overall decrease in operating costs as a result of temporary stacking of four drilling rigs due to the pandemic.

General and administrative expenses

General and administrative expenses for the year ended 31 December 2020 were OMR 7.3 million, an increase of OMR 1.0 million, or 15.9 per cent. from OMR 6.3 million for the year ended 31 December 2019. The increase for the year ended 31 December 2020 was primarily due to an increase in employee-related costs.

Other expenses

Other expenses for the year ended 31 December 2020 were OMR 1.2 million, an increase of OMR 0.5 million or 82.4 per cent. from OMR 0.6 million for the year ended 31 December 2019. This increase was primarily due to expenses relating to the overhaul of fixed assets in accordance with the Company's rig maintenance schedule.

Other income

Other income for the year ended 31 December 2020 was OMR 21 thousand, an increase of OMR 5 thousand, from OMR 16 thousand for the year ended 31 December 2019. This mainly related to miscellaneous income from various items.

ECL reversal on trade receivables

ECL reversal for the year ended 31 December 2020 was OMR 0.1 million, compared to an ECL provision of OMR 0.2 million for the year ended 31 December 2019. The ECL reversal on trade receivables was due to the recovery of amounts that had been provisioned for in earlier periods.

Finance costs

Finance costs for the year ended 31 December 2020 were OMR 3.6 million, a decrease of OMR 0.6 million, or 14.7 per cent., from OMR 4.2 million for the year ended 31 December 2019. The decrease was primarily due to lower accrued interest on term loans compared to the previous year and the repayment of a term loan (loan I) during the year ended 31 December 2020.

Finance income

Finance income for the year ended 31 December 2020 was OMR 0.5 million, a decrease of OMR 0.4 million, or 46.8 per cent., from finance income of OMR 0.9 million for the year ended 31 December 2019. The decrease was due to fewer term deposits being held by the Company at its banks.

Taxation

Taxation for the year ended 31 December 2020 was OMR 2.1 million, an increase of OMR 0.9 million, or 66.7 per cent., from OMR 1.3 million for the year ended 31 December 2019. This increase was driven by higher taxable profit during the period.

Profit for the year

As a result of the foregoing factors, profit for the year ended 31 December 2020 was OMR 11.3 million, an increase of OMR 4.1 million, or 57.6 per cent., from OMR 7.2 million for the year ended 31 December 2019. Profit margin for the year ended 31 December 2020 was 10.7 per cent., an increase of 3.6 percentage points from a profit margin of 7.1 per cent. for the year ended 31 December 2019.

Liquidity and Capital Resources

The Company's principal liquidity requirements historically have arisen from the need to fund its working capital, operating expenses and capital expenditures. For future periods, the Company expects to fund its liquidity needs primarily from operating cash flows as well as from long-term borrowings from bank facilities.

The Company's cash and bank balances (including bank term deposits of OMR 18.3 million) as at 30 September 2022 were OMR 20.8 million.

The Company seeks to ensure that it has sufficient cash on hand to meet expected operational expenses including the servicing of financial obligations. The Company has maintained robust levels of funds from operations (defined as net cash generated from operating activities before payments of employees' end of service benefits and changes in working capital) over the period despite adverse macroeconomic conditions, including the Covid-19 pandemic and the related oil price shock in 2020.

Cash flow information

The following table sets out a summarised presentation of the Company's cash flows for the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022.

	For the year ended 31 December			For the nine months ended 30 September	
	2019	**2020**	**2021**	**2021**	**2022**
		(Audited)		(Unaudited)	
			(OMR'000)		
Net cash generated from operating activities	22,470	29,224	34,206	20,052	20,250
Net cash used in investing activities	(15,274)	(35,231)	(28,634)	(26,448)	(13,544)
Net cash used in financing activities	(26,551)	(5,720)	(289)	5,930	(11,819)
Net change in cash and cash equivalents	(19,355)	(11,727)	5,283	(466)	(5,113)
Cash and cash equivalents at beginning of the period	33,474	14,119	2,392	2,392	7,675
Cash and cash equivalents at end of the period	**14,119**	**2,392**	**7,675**	**1,926**	**2,562**

Comparison of the nine months ended 30 September 2022 and 30 September 2021

Net cash generated from operating activities

Net cash generated from operating activities was OMR 20.3 million for the nine months ended 30 September 2022, an increase of OMR 0.2 million, or.1 per cent., from OMR 20.1 million for the nine months ended 30 September 2021. The increase was primarily due to the increase in accrued expenses during the period.

Net cash used in investing activities

Net cash used in investing activities was OMR 13.5 million for the nine months ended 30 September 2022, a decrease of OMR 12.9 million, or 48.8 per cent., from OMR 26.4 million for the nine months ended 30 September 2021. The decrease in net cash used in investing activities was primarily due to the OMR 20.4 million decrease in purchases of property, plant and equipment, which was partially offset by an increase in bank deposits of OMR 6.5 million.

Net cash used in financing activities

Net cash used in financing activities was OMR 11.8 million for the nine months ended 30 September 2022, compared to net cash from financing activities of OMR 5.9 million, for the nine months ended 30 September 2021. The net cash used in financing activities primarily related to the repayment of loans of OMR 30.7 million, and was partially offset by an OMR 14.4 million additional drawdown of loans in the nine months ended 30 September 2021.

Comparison of the years ended 31 December 2021 and 31 December 2020

Net cash generated from operating activities

Net cash generated from operating activities was OMR 34.2 million for the year ended 31 December 2021, an increase of OMR 5.0 million, or 17.0 per cent., from OMR 29.2 million for the year ended 31 December 2020.

Cashflow from operating activities increased, primarily due to an increase in profit before tax during the period. Adjustments for non-cash items amounted to OMR 26.0 million during the year ended 31 December 2021, an increase of OMR 4.4 million, or 21.6 per cent., compared to OMR 21.4 million during the year ended 31 December 2020. The increase was primarily due to higher profit for the year largely driven by the addition of four new drilling rigs.

Working capital changes during the period resulted in a cash outflow of OMR 13.3 million, an increase of OMR 7.8 million compared to an outflow of OMR 5.6 million during the year ended 31 December 2020. The increase in outflow from working capital changes during the year ended 31 December 2021 was primarily due to an increase in the trade and other receivables balance from OMR 26.7 million as at 31 December 2020 to OMR 35.5 million as at December 2021 as a result of the addition of four new rigs during 2021 for which the Company faced delays in the collection of receivables from a customer. Furthermore, inventory consumption increased during the year ended 31 December 2021 compared to 31 December 2020 due to decreased rig stacking.

Net cash used in investing activities

Net cash used in investing activities was OMR 28.6 million for the year ended 31 December 2021, a decrease of OMR 6.6 million, or 18.7 per cent., from OMR 35.2 million for the year ended 31 December 2020.

The decrease in net cash used in investing activities was primarily due to advances and prepayments which decreased from an outflow of OMR 25.6 million in the year ended 31 December 2020 to an inflow of OMR 20.3 million in the year ended 31 December 2021 due to offsetting of advances and prepayments against payables to suppliers. This was partially offset by an increase in additions to capital work in progress of OMR 39.4 million which primarily related to six drilling rigs under construction.

Net cash used in financing activities

Net cash used in financing activities was OMR 0.3 million for the year ended 31 December 2021, a decrease of OMR 5.7 million or 94.9 per cent., from OMR 5.7 million for the year ended 31 December 2020.

The decrease in net cash used in financing activities was primarily due to a decrease of OMR 10.5 million in repayments relating to outstanding loans, which was partially offset by a decrease of OMR 2.2 million in the disbursement of loans, an increase of OMR 1.2 million in dividends paid, an increase of OMR 0.7 million in interest paid, an increase of OMR 0.5 million in payment of lease liabilities and an increase of OMR 0.5 million in bank term deposits for the year ended 31 December 2021.

Comparison of the years ended 31 December 2020 and 31 December 2019

Net cash generated from operating activities

Net cash generated from operating activities was OMR 29.2 million for the year ended 31 December 2020, an increase of OMR 6.8 million, or 30.1 per cent., from OMR 22.5 million for the year ended 31 December 2019.

Net cash generated from operating activities increased primarily due to an increase in profit before taxation during the year ended 31 December 2020. Adjustments for non-cash items amounted to OMR 21.4 million during the year ended 31 December 2020, a decrease of OMR 0.3 million, or 1.2 per cent., compared to OMR 21.7 million during the year ended 31 December 2019.

Working capital changes during the year ended 31 December 2020 resulted in a cash outflow of OMR 5.6 million, compared to OMR 7.6 million during the year ended 31 December 2019. The decrease in outflow from working capital changes was primarily driven by higher efficiency in the collection of receivables by the Company during the year ended 31 December 2020. This was partially offset by an increase in inventory balances during the year ended 31 December 2020 compared to 31 December 2019 due to increased rig stacking as a result of the Covid-19 pandemic and the decrease in oil and gas demand.

Net cash used in investing activities

Net cash used in investing activities was OMR 35.2 million for the year ended 31 December 2020, an increase of OMR 20.0 million from net cash used in investing activities of OMR 15.3 million for the year ended 31 December 2019.

The increase in net cash used in investing activities was primarily due to an increase in advances and prepayments of OMR 25.6 million relating to advances paid to suppliers to construct four additional drilling rigs that were commissioned in the year ended 31 December 2021.

Net cash used in financing activities

Net cash used in financing activities was OMR 5.7 million for the year ended 31 December 2020, a decrease of OMR 20.8 million, or 78.5 per cent., from net cash used in financing activities of OMR 26.6 million for the year ended 31 December 2019.

The decrease in net cash used in financing activities was primarily due to an OMR 15.8 million increase in disbursement of loans, an OMR 9.7 million decrease in repayment of loans, and an OMR 0.7 million decrease in interest payments. This was offset by an OMR 4.8 million increase in bank term deposits and an OMR 0.7 million increase in dividend payments.

Capital expenditures

The Company's capital expenditures primarily consist of: (i) capital expenditure for new income generating assets, (ii) capital expenditures related to the existing income generating assets for normal operating capital expenditure and major overhauling, and (iii) other capital expenditures related to business operations such as office and computer equipment, software, motor vehicles, and furniture and fixtures. The Company's capital expenditures also include expenses of OMR 0.9 million incurred for the nine months ended 30 September 2022, for the Company's new head office. The Company intends to fund future capital expenditures using a mixture of debt and working capital, with debt intended to comprise 90 per cent. of future capital expenditure funding and working capital comprising the balance.

The table below presents the Company's fixed asset additions and capitalisation from capital work in progress for the years ended 31 December 2019, 2020 and 2021 and the nine months ended 30 September 2021 and 2022.

	For the year ended 31 December			For the nine months ended 30 September	
	2019	**2020**	**2021**	**2021**	**2022**
		(Audited)		(Unaudited)	
			(OMR'000)		
Rigs and well services equipment	2,947	1,407	1,589	1,168	1,893
Furniture and fixtures	–	38	16	7	5
Office and computer equipment	–	116	110	100	34
Motor vehicles	–	74	–	–	–
Capital work in progress	13,171	14,292	64,327	46,235	6,295
Total	**16,118**	**15,927**	**66,042**	**47,510**	**8,227**

Additions to fixed assets were OMR 8.2 million in the nine months ended 30 September 2022, a decrease of OMR 39.3 million, from OMR 47.5 million during the nine months ended 30 September 2021. The nine months ended 30 September 2021 had higher additions due to the construction of four new drilling rigs commissioned in 2021, compared to two new drilling rigs commissioned in 2022, and the overhaul of existing assets.

Additions to fixed assets were OMR 66.0 million in the year ended 31 December 2021, an increase of OMR 50.7 million, from OMR 15.9 million during the year ended 31 December 2020. This increase primarily related to the construction of four new drilling rigs (commissioned in 2021) and two new drilling rigs (commissioned in 2022) and the overhaul of existing assets.

Additions to fixed assets of OMR 15.9 million during the year ended 31 December 2020 primarily related to the construction of two workover rigs (commissioned in 2020), certain capital expenditures relating to four drilling rigs (commissioned in 2021) and the overhaul of existing assets. Additions to fixed assets of OMR 16.1 million during the year ended 31 December 2019 primarily related to the overhaul of existing assets.

Financial Liabilities and Contractual Obligations

The table below presents the repayment schedule of the Company's term loans as at 30 September 2022.

	As at 30 September 2022	Less than 1 Year	1-5 years	More than 5 years
		(OMR'000)		
Long term loan V December 2029	32,021	4,744	23,719	3,558
Long term loan III December 2025	22,711	5,407	17,304	–
Long term loan II November 2025	15,401	3,670	11,731	–
Long term loan VI December 2029	19,487	3,905	15,582	–
Long term loan IV December 2025	7,931	1,280	6,651	–
Total term loans	**97,551**	**19,006**	**74,987**	**3,558**

The table below sets out a summary of the Company's term loans as at 31 December 2019, 2020 and 2021 and 30 September 2022.

	As at 31 December			As at 30 September
	2019	**2020**	**2021**	**2022**
		(OMR'000)		
Long term loan I - May 2021	3,033	–	–	–
Long term loan II - November 2025	18,260	17,622	14,685	–
Long term loan III - December 2025	26,192	25,956	21,630	17,304
Long term loan IV - December 2025	9,465	8,698	7,419	6,651
Long term loan V - June 2029	3,884	23,594	30,835	27,277
Long term loan VI - December 2029	–	–	13,075	15,582
Long term loan VIII - December 2029	–	–	–	11,731
Non-current portion of term loans	**60,834**	**75,870**	**87,644**	**78,545**
Long term loan VII - November 2020	11,660	–	–	–
Long term loan I - May 2021	700	3,033	–	–
Long term loan II - November 2025	2,640	1,958	2,937	–
Long term loan III - December 2025	3,531	2,884	4,326	5,407
Long term loan IV - December 2025	1,024	1,023	1,110	1,280
Long term loan V - June 2029	–	–	5,088	4,744
Long term loan VI - December 2029	–	3,371	1,869	3,905
Long term loan VIII - December 2029	–	–	–	3,670
Current portion of term loans	**19,555**	**12,269**	**15,330**	**19,006**
Total term loans	**80,389**	**88,139**	**102,974**	**97,551**

The Company intends to swap all of its US Dollar-denominated loans for new Omani Rial-denominated loans in the first half of 2023, with the intention of using the new loans to reduce its interest costs.

Term loan I

Term loan I was for US$19.7 million equivalent to OMR 7.6 million and was obtained from First Abu Dhabi Bank in May 2013 to finance the purchase of a fracturing unit, a well testing unit and a coil tubing unit. The term loan was repayable in 13 consecutive semi-annual instalments of US$0.9 million (OMR 0.3 million) each and a final instalment of US$7.9 million (OMR 3.0 million). The loan was settled in full in May 2021. Interest on the term loan was payable at three-month LIBOR plus a fixed margin.

Term loan II

Term loan II was for OMR 30.8 million and was obtained from HSBC in May 2014 to finance the construction of three drilling rigs. During the year ended 31 December 2020 the term loan was restructured to be repayable in 20 quarterly instalments with the last instalment repayable in November 2025. Interest on the term loan is payable at the Central Bank of Oman's three-month treasury bill rate plus a fixed margin, subject to reset based on an annual review. This term loan was fully repaid in March 2022. In March 2022, the Company obtained a loan from Oman Arab Bank ("**Term loan VIII**") which it used to fully repay Term loan II.

Term loan III

Term loan III was for OMR 41.2 million and was obtained from Oman Arab Bank in December 2014 to finance the construction of four drilling rigs. The term loan was restructured to be repayable in 20 quarterly instalments, with the last instalment repayable in 2025. Interest on the term loan is payable at the CBO WAIRD for private sector Omani Rial time deposits, which is subject to a quarterly reset, plus a fixed margin for the tenure of the loan.

The Company intends to extend the maturity of this loan to 2027.

Term loan IV

Term loan IV was for OMR 11.5 million and was obtained from the National Bank of Oman in December 2018 to finance the upgrade of eight drilling rigs, one workover rig and three cementing units. The term loan is repayable in 27 quarterly instalments of OMR 0.3 million. The final instalment of OMR 4.6 million is repayable in 2025. Interest on the term loan is payable on a monthly basis and the interest rates are reset on the basis of an annual review.

The Company intends to extend the maturity of this loan to 2027.

Term loan V

Term loan V was for US$98.7 million (equivalent to OMR 38.0 million) and was obtained from the National Bank of Oman in 2019 to finance the construction of four drilling rigs and two workover rigs. The loan is repayable in 32 equal quarterly instalments with the final instalment payable in 2029. Interest on the term loan is payable at three-month LIBOR plus fixed margin.

Term loan VI

Term loan VI was for US$65.0 million (equivalent to OMR 25.0 million) and was obtained from the National Bank of Oman in 2021 to finance the construction of two drilling rigs and the Company's new head office which is under construction. Full drawdown of the loan is intended to be completed by June 2023. The final instalment of the loan will be payable in December 2029. Interest on the term loan is payable at three-month LIBOR plus a fixed margin.

Term loan VII

Term loan VII was for US$67.8 million (equivalent to OMR 26.1 million) and was obtained from First Abu Dhabi Bank, in three tranches:

- Tranche A was for US$39.0 million (equivalent to OMR 15.0 million) and was obtained in June 2012 to finance the purchase of drilling rigs and fracturing units. This was repayable in 13 consecutive half-yearly instalments of US$1.8 million (OMR 0.7 million) each. The final instalment of US$15.61 million (OMR 6.01 million) was repaid in December 2020. Interest on the term loan was payable at three-month LIBOR plus a fixed margin.

- Tranche B was for US$23.6 million (equivalent to OMR 9.1 million) and was obtained in July 2012 to finance the purchase of well intervention and hoist units. The term loan was repayable in 13 consecutive half-yearly instalments of US$1.1 million (OMR 0.4 million). The final instalment of US$9.5 million (OMR 3.7 million), was paid in October 2020. Interest on the term loan was payable at three-month LIBOR plus s fixed margin.

- Tranche C was for US$5.1 million (equivalent to OMR 2.0 million) and was obtained in Jan 2013 to finance the purchase of cementing and flow back units. The term loan was repayable in 13 consecutive half-yearly instalments of US$0.237 million (OMR 0.091 million) each. The final instalment of US$2.1 million (OMR 0.8 million) was repaid in December 2020. Interest on the term loan is payable at three-month LIBOR plus a fixed margin.

Term loan VIII

Term loan VIII was for US$43.9 million (equivalent to OMR 16.9 million) and was obtained from the Oman Arab Bank in March 2022 to repay Term loan II. The term loan is repayable in 15 quarterly instalments. The last instalment is repayable in November 2025. Interest on the term loan is payable at SOFR plus a fixed margin.

Common security terms for the loans

Key security terms that the Company must comply with, which would otherwise result in an "Event of Default" under the facility agreements for each of the loans mentioned above include: (i) a negative lien on assets financed, (ii) an assignment of receivables from customers against the rigs financed, (iii) a letter of undertaking to route all revenue under the financed rigs to the respective banks, (iv) a letter of awareness to be provided by OQ EP, (v) a majority shareholding must be maintained either directly or indirectly by OQ EP or the Oman Investment Authority, (vi) audited financial statements must be submitted within 120 days of the close of the financial year, (vii) relevant insurance of the financed operating assets must be obtained with the relevant bank to be stated as the first loss payee, (viii) the relevant bank must be informed of any downward revision of rig rental income, (ix) for all of the Company's future financing requirements of the borrower, the existing banks shall have a first right of refusal to participate in the additional financing, and (x) no financed asset shall be disposed of without a prior consent of the bank.

The Company has not breached its loan covenants.

Contingent liabilities

As at 31 December 2019, 2020 and 2021, contingent liabilities included bank guarantees provided by the Company to the Omani Customs Authority and performance bonds issued by the Company to its customers, collectively amounting to OMR 4.3 million, OMR 6.0 million, OMR 8.6 million, respectively.

As at 30 September 2022, contingent liabilities amounted to OMR 24.8 million representing bank guarantees provided by the Company to the Omani Customs Authority and performance bonds issued by the Company to its customers, collectively amounting to OMR 18.9 million, in addition to legal cases amounting to OMR 0.02 million. Furthermore, purchase orders issued but not executed for operating expenditure items amounted to OMR 5.9 million as at 30 September 2022.

Capital commitments

As at 31 December 2019, 2020 and 2021 and 30 September 2022, the Company had contractual capital commitments of OMR 36.2 million, OMR 22.5 million, OMR 18.1 million and OMR 7.1 million, respectively. These capital commitments primarily related to rigs and well services equipment under construction.

Financial Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to mitigate the potential adverse effects on the Company's financial performance. For further details, see Note 27 to the 2021 Financial Statements.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In preparing the financial statements in compliance with IFRS, the Company is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable. For further details, see Note 4 to the 2021 Financial Statements.

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following is a summary of significant accounting policies, which require the Company to make judgements, estimates and assumptions, and which the Company believes are material for potential investors.

Impairment of property, plant and equipment

A decline in the value of property, plant and equipment could have a significant effect on the amounts recognised in the financial statements. The Company assesses the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Useful lives of property, plant and equipment

Depreciation is charged to write off the cost of assets over their estimated useful lives. The calculation of useful lives is based on the Company's assessment of various factors such as the operating cycles, the maintenance programmes, and normal wear and tear using its best estimates.

Determining the lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). During the year ended 31 December 2021 and the nine months ended 30 September 2022, no significant events or significant change in circumstances occurred that caused the Company to reassess the lease term of such contracts.

Chapter XIV
Dividend Policy

As per the Articles, the Shares sold in the Offer rank equally with all other Shares for any rights to dividends that may be declared and paid in respect of the year ending 31 December 2022 on a *pari passu* basis, as well as any subsequent years. Following the Offer, the Shareholders' register of the Company maintained by the MCDC will be amended to enable new Shareholders to receive dividends declared.

Dividend Policy

The Company proposes to pay yearly dividends, subject to debt repayments and covenants, working capital requirements, operational expenditure obligations, growth plans and the necessary approvals. In 2023, the Company intends to pay a dividend of OMR 15.4 million for the year ended 31 December 2022. In 2024, the Company intends to pay a dividend which is the higher of 85 per cent. of net profit for 2023 or a six per cent. increase on the dividend paid in 2023. In 2025, the Company intends to pay a dividend which is the higher of 85 per cent. of net profit for 2024 or a six per cent. increase on the dividend paid in 2024.

The size of annual dividends and the determination of whether to pay dividends in any year may be affected by a number of factors, including but not limited to the Company's business, financial condition, results of operations and prospects (including the prospects of the oil and gas sector).

Any dividend declaration is subject to approval of the Board.

The Company's dividend policy is subject to restrictions contained in the CCL, the Articles and the covenants, if any, in its facilities agreements. These are summarised as follows:

- In accordance with Article 132 of the CCL, the Company's Board shall subtract 10 per cent. from the net profits of each financial year, after the deduction of taxes, to form a legal reserve until it reaches at least one-third of the Company's capital. Such reserve may be used to cover the Company's losses and to increase its capital by issuing shares. Such reserve, however, may not be distributed as dividends to shareholders except where the Company reduces its capital, provided the legal reserve shall not be less than one-third of the capital after reduction.

- Distributions may be made only from net profits, which are calculated after the deduction of all necessary costs and setting aside any required depreciation and amortisation, allocations and reserves, including allocations made by the Company from its profits to increase its capital, pursuant to Article 131 of the CCL.

The remaining profit thereafter may be distributed as an additional dividend to Shareholders or be carried forward to the following year on the Board's recommendation and the approval of Shareholders through an OGM.

The Company paid OMR 2,146,200, or OMR 0.02787 per share, in 2020 for dividends in respect of the year ended 31 December 2019, OMR 3,382,500, or OMR 0.04392 per share, in 2021 for dividends in respect of the year ended 31 December 2020 and OMR 5,523,900, or OMR 0.07170 per share, in 2022 for dividends in respect of the year ended 31 December 2021 (with all per-share divided figures being calculated based on a nominal value of OMR 1 per share). Following the Offer, the Company intends to pay dividends on an annual basis, pursuant to the formula described above and subject to approval from the Shareholders through an annual general meeting.

Chapter XV
Related Party Transactions and Material Contracts

Related Party Transactions

Related parties comprise the Selling Shareholders and their respective affiliates, directors, key management personnel or business entities that have the ability to control or exercise significant influence on the Company's financial and operating decisions. During the periods under review, the Company has engaged in related party transactions with, *inter alia*, OQ EP and Oman Oil Marketing Company SAOG, over which OQ has the ability to control or exercise significant influence in financial and operating decisions. These transactions were conducted in the ordinary course of business on terms that were comparable with those that could be obtained from unrelated third parties.

The Company had the following significant transactions with related parties during the year ended 31 December 2021 and the nine months ending 30 September 2022. For details of the impact of related party transactions on the Company's financial position and financial results as at and for the year ended 31 December 2021 and the nine months ending 30 September 2022, please refer to Note 24 of the 2021 Annual Financial Statements and Note 24 of the Interim Financial Statements, in each case included elsewhere in this Prospectus.

The following table sets out the Company's related party transactions and balances. References in certain line items to notes refer to the corresponding notes to the Company's financial statements for the year ended 31 December 2021.

	Year ended 31 December 2021	**Nine months ended 30 September 2022**
	(OMR'000)	
Sale of goods and services		
Revenue from Parent Company[1]	15,685	15,626
Purchases of goods and services		
Fuel, lubricants and others from Oman Oil Marketing Company SAOG	2,318	3,797
Dividend paid to shareholders (note 12)	3,383	-
Directors - sitting fees (note 20)	13	28
Directors - other remunerations (note 20)	279	58
Key management compensation		
Basic salaries and allowances	714	373
End of service benefits	6	5
	720	423
Related party balances		
Receivable from the Parent Company[1] (note 9)	3,360	6,180
Payable to Oman Oil Marketing Company SAOG - other related party (note 17)	1,045	1,261

Notes:
(1) 'Parent Company' refers to OQ EP.

Material Contracts with Related Parties

The Company has entered into two material supply contracts with a related party, Oman Oil Marketing Company S.A.O.G.

In May 2021, the Company entered into an agreement for the supply and delivery of diesel fuel for the Company's rigs (the "**2021 Contract**"). The 2021 Contract commenced on 1 June 2021 and will expire on 31 May 2023, and is renewable by the Company for two additional one-year terms upon expiry. The 2021 Contract provides that the Company may terminate for convenience at any time, subject to payment by the Company of the amount owed for all work carried out and undertaken by the relevant counterparty but unpaid by the Company at the date the notice is served, or such later date for termination as is stated therein. The Company's non-binding and indicative estimate of the value of the 2021 Contract is approximately OMR 20.3 million.

In July 2022, the Company entered into a rate agreement for the supply of oil and lubricants to the Company's rigs (the "**2022 Contract**"). The 2022 Contract commenced on 27 June 2022 and will expire on 26 June 2024, and is renewable by the Company for an additional one-year term upon expiry. The 2022 Contract provides that the Company may terminate for convenience at any time, subject to payment by the Company of the amount owed for all work carried out and undertaken by the relevant counterparty but unpaid by the Company at the date the notice is served, or such later date for termination as is stated therein. The Company's non-binding and indicative estimate of the value of the 2022 Contract is approximately OMR 9.8 million, although prices under this agreement may be varied every six months.

For information on the Company's other material contracts, see "*Chapter XI–Description of the Company and Business Overview –Material Contracts*".

Chapter XVI
Corporate Governance

Certain sections of this Chapter summarise the issues relating to corporate governance based on the Articles, the CCL and the rules and regulations issued by the CMA, in particular, the Code and the SAOG Executive Regulations. The description provided in this Chapter is only a summary and does not purport to give a complete overview of the Articles, nor of the relevant provisions of the CCL, the Code, SAOG Executive Regulations or the CMA rules and regulations.

Overview

This section details the composition of the Board, various Board committees and Management. It also highlights the corporate governance practices that the Company has or will have in place.

The Board of Directors

The current Board was elected by the Shareholders at the Company's 2020 annual general meeting. As a result, the term of the current Board will expire at the Company's annual general meeting expected to be held in March 2023, at which time a new Board will be elected for the Company. The term of the current Board shall be extended until the date of the next annual general meeting.

The current composition of the Board, in accordance with the Articles, the CCL and the SAOG Regulations, is as follows:

S/N	Name	Representing	Independent/ Non-Independent
1	Mr. Ayad Al Balushi	MGP	Non-Independent
2	Mr. Ahmed Al Azkawi	OQ EP	Non-Independent
3	Mr. Ashraf Al Mamari	OOCEP HL	Non-Independent
4	Mr. Khamis Al Saadi	Personal Capacity	Independent
5	Mr. Muhsin Abdul Majeed Al Rustom	Personal Capacity	Independent
6	Dr. Amer Al Rawas	Personal Capacity	Independent
7	Ms. Mashael Moosa	Personal Capacity	Non-Independent

Note:
(1) A director is deemed independent pursuant to CMA corporate governance rules and regulations.

Mr. Azzam Al Kiyoumi was also appointed as the Secretary of the Board

Biographical Information of the Members of the Board

Name:	Mr. Ayad Al Balushi
Position:	Chairman
Education:	BSc in Mechanical Engineering, University of Nottingham (UK)
Experience:	Currently serves as the Chief Financial Officer of the Oman Investment Authority, leading the finance function and supervising legal, risk, assurance and governance. Previously served as the Nakhla Program lead at OQ, as well as the Chief Portfolio Officer and Chief Financial Officer of OOCEP, and was the Middle East Business Manager at Schlumberger. Has over 13 years of experience in oil and gas companies.
List of Other Directorships:	Board Member, Sohar Aluminium Board Member, Oman Airports Management Company Investment Committee Member, Oman Investment Authority

Name:	Mr. Ahmed Al Azkawi
Position:	Deputy Chairman
Education:	MEng in Petroleum Engineering, Heriot-Watt University (UK) BSc in Physics, Imperial College London (UK)
Experience:	Serves as the Chief Executive – OQ Upstream for OQ. Has 25 years of experience in senior management roles, particularly within the Upstream industry in Oman. Member of the Chartered Institute of Procurement and Supply (MCIPS). Formerly led procurement for OQ. Other past roles include CEO of Oman Logistics Company, as well as a Well and Reservoir Team Leader, senior value assurance consultant and a Petroleum Engineering Cluster Manager at PDO.
List of Other Directorships:	Chairman, OQGN

Name:	Mr. Ashraf Al Mamari
Position:	Board Member
Education:	DBA candidate, Coventry University (UK) BSc in General Management, College of Commerce and Economics, Sultan Qaboos University (Oman)
Experience:	Has 17 years of experience in oil and gas sector in different international and local companies, primarily in the fields of HR, procurement, IT, communications and corporate and social responsibility. Currently serves as the Chief Executive – People, Technology and Culture of the OQ Group, and has previously served as the vice president of different divisions within the OQ Group.
List of Other Directorships:	Board Member, Transom Catering Steering Committee, Takatuf Oman

Name:	Mr. Khamis Al Saadi
Position:	Board Member
Education:	MSc in Asset Management, Robert Gordon University (UK) BSc in Petroleum Engineering, Pennsylvania State University (US)
Experience:	Over 30 years work experience at PDO. Held various management positions over the years, most recently as Asset Director at PDO. Over the last 10 years, held three director positions and member of PDO directors committee (MDC). He has now retired.
List of Other Directorships:	Board Chairman, Oman Airports (current) Board Director, Majis Utility company (past)

Name:	**Mr. Muhsin Abdul Majeed Al Rustom**
Position:	Board Member
Education:	BSc in Accounting, College of Commerce and Economics, Sultan Qaboos University (Oman)
Experience:	Is a CMA from the Institute of Management Accountants (USA) and received a Certificate in Treasury (Cert'T) from the Association of Corporate Treasurers (ACT-UK). Currently works as the Group Chief Financial Officer of ASYAD Group SAOC, and previously was the General Manager – Treasury for ASYAD Shipping SAOC, and the Treasury Operations Manager for OQ Trading. Has also served in various roles for DP World, including a two-year stint at DPW's European regional office in London. Has over 15 years of experience as a finance professional.
List of Other Directorships:	Board Member, Salalah Port Services SAOG Member of the Middle East Advisory Board, Association of Corporate Treasurers

Name:	**Dr. Amer Al Rawas**
Position:	Board Member
Education:	Ph.D. in Computer Science and Artificial Intelligence, University of Sussex (UK) BSc. in Computer Science, University of Sussex (UK) Higher National Diploma in Software Engineering, Brighton University (UK).
Experience:	Is the Executive Chairman of the Concordia Group, with focus areas on healthy living, technology and innovation, real estate, human development and logistics and distribution. Also serves as a professor and Dean of the School of Business and Technology at New Vision University (Georgia). Has held leadership positions in several companies including former CEO of Oman Mobile and Omantel, Group CEO of Tasneea Oil and Gas Technology, Chairman of the Middle East Leadership Association, and served as a consultant for UNICEF, Omantel and Warba Bank, among others. Early in his career, he worked for the Ministry of Oil & Gas as a Planning Adviser and contributed to the restructuring of the Ministry from a Petroleum and Minerals Ministry to an Oil and Gas Ministry.
List of Other Directorships:	Chairman (volunteer), OPAL Chairman, Mela Chairman, Solar Wadi Board Member, OAAA (past) Board Member, Oman Higher Education Council (past)

Name:	**Ms. Mashael Moosa**
Position:	Board Member
Education:	LLM in International Trade Law, University of West England (UK) LLB in Law and Management (Honours), University of Sussex (UK)
Experience:	Has over 14 years of experience in the legal field, including eight years in the oil and gas sector. Currently serves as Head of Corporate, Legal; and Board Secretary for OQ, overseeing OQ's legal corporate work, including reporting and compliance. Previously worked for six years as the Senior Legal Counsel for Orpic.
List of Other Directorships:	None

Name:	Azzam Al Kiyoumi
Position:	Board Secretary
Education:	LLM, Nottingham Trent University (UK) LLB, Swansea University (UK)
Experience:	Has over 10 years of legal experience. Currently serves as Legal Manager and Board Secretary, and previously served as Legal Researcher for the Company before being promoted to Legal Adviser. Also works on ESG and corporate governance issues for the Company. Previously worked as a legal adviser for Sundus Trading and Marketing and as General Counsel for Muscat Bay.
List of Other Directorships:	None

Compliance with Applicable Laws

The Company was incorporated as an SAOC and is in the process of transforming into an SAOG. This process is expected to be completed following allocation of the Shares to the investors and the Shares being listed on the MSX. The Company has appointed a Board that complies with all applicable CMA and CCL requirements, including the requirement for independent directors, which represent the interests of all Shareholders, that three out of seven of the Company's directors are independent directors in accordance with Article 114 of the SAOG Regulations and the description of 'Independent Directors' contained in principle 8 of the Code.

Appointment of the Board

The Board will be elected by the general meeting of the Shareholders by direct secret ballot. Each Shareholder shall have a number of votes equal to the number of the Shares held by such Shareholder. A Shareholder shall have the right to use the entirety of their votes in support of one nominee or divide their Shares among other nominees of their choice through the voting card. It follows from that that the total number of votes given to the nominees by one Shareholder must not exceed the total number of shares owned by that Shareholder. The proposed directors who receive the most votes in the ballot shall be declared elected.

Subject to the Code and without prejudice to the Articles, Article 115 of the SAOG Executive Regulations provide that nominees to the membership of the Board must:

- be natural persons;
- be of good conduct and sound reputation;
- be at least 25 years old;
- have a registered shareholder number with MCDC.
- not be unable to settle their indebtedness to the same company to which he is a candidate for membership of its board of directors;
- not be convicted of a felony or dishonourable crime or adjudicated as bankrupt or insolvent unless rehabilitated;
- not caused bankruptcy of a company by their sole act or as joint liability of directors;
- present, if they are nominating themselves as an independent director, a declaration to that effect and that they will lose their membership if they lose their independence capacity.
- not be a member or a representative of a juristic person in more than four SAOG companies based in Oman once appointed to the Board;
- not be Chairman of more than two SAOG companies with their principal place of business in Oman; and
- not be an employee or a member of the board of directors of a public or closed joint stock company which is carrying out similar objectives to that of the company which he intends to nominate himself to the membership of its board.

Without any prejudice to the regulations mentioned above, the following conditions will be fulfilled while forming the Board:

- the Board will be comprised of all non-executive directors; and
- a minimum of one-third of the total Board (subject to a minimum of two) will be composed of independent directors in accordance with the rules and conditions issued by the CMA as have been set out in the Code and the SAOG Executive Regulations.

In accordance with Article 188 of the CCL, if a Board member is no longer qualified to remain on the board of a joint stock company, then his/her membership will cease to be valid by virtue of law. The concerned Board member upon becoming aware of his/her status of being an unqualified Board member must promptly inform the Board of their loss of qualification and any resolutions in which such Board member may have participated in voting on after ceasing to be qualified to remain on the Board will be invalid unless such resolutions were passed by a percentage of votes required for their validity excluding the vote of the member who lost his/her right to remain on the Board.

The vacant seat arising after disqualification of a member of the Board may be filled by the remaining Board members in accordance with Article 201 of the CCL, whereby if the office of a director becomes vacant in the period between two AGMs, the Board may appoint an interim director who satisfies the requirements of membership to assume the vacant office until the next AGM. If the number of vacant positions or the members to be appointed by the Board amounts to more than half the number of elected Board members, the Board must then convene an OGM within 60 days from the date on which the last vacancy on the Board arose to elect the new members to fill the vacant positions. However, in all cases the interim director(s) shall assume such position(s) for the remaining term of the outgoing Board members.

The Board will elect a Chairman and a Deputy Chairman from its members. The Deputy Chairman will officiate as Chairman when the latter is absent. The Chairman of the Board must implement the resolutions of the Board and the regular business of the Company shall be conducted under the supervision of the Board in accordance with the authority specified in the Articles and the Company's internal regulations.

Role of the Board

The Company's Board is collectively responsible for its management and strategy. The Board supervises the interests of stakeholders, the creation of a culture aimed at long-term value creation, the internal audit function and the effectiveness of internal risk management and control systems. In addition to considering strategic and risk issues, the Board reviews and approves all of the Company's policies, which are implemented across the Company's business operations, including through consultants, contractors and suppliers. In order to assure best governance practices, the Company reviews and amends its policies at least every three years. The primary role of the Board is to supervise and monitor management within a framework of prudent and effective controls that enable risk to be properly assessed and managed and to fulfil its statutory and regulatory obligations under applicable law and regulations.

Powers of the Board

The Board has full authority to perform all acts required to manage the Company in accordance with its objectives and with the primary objective of creating value for the Shareholders. This authority is not limited or restricted except as provided by applicable law, by the Articles or by a resolution of the Shareholders. The day-to-day management of the Company is performed by the Company's Management, as described below.

Article 122 of the SAOG Executive Regulations provides that the Board shall be responsible for the following matters:

- to appoint, and appraise the performance of, the chief executive officer and the staff which report to them pursuant to the organisational structure of the company and to specify their rights and duties;
- to delegate subcommittees to carry out certain tasks;
- to include the reasons which justify the company's ability to pursue its specified activities and the achievement of its objectives in the annual report presented to the general meeting;
- to include in the annual report presented to the general meeting the reasons which justify the ability of the company to pursue its specified activities and the achievement of its objectives;
- to appoint a secretary to the Board in its first meeting;
- to include in the governance report a full statement on all amounts which a director might have received during the course of the year;
- to ensure the any decision taken satisfies the legal requirements before being disclosed to the public; and
- to specify the fees for obtaining a true copy of the Articles at not more than OMR 20.

In accordance with Article 185 of the CCL, the Board must not perform the following acts unless expressly authorised to do so by the Articles or by a resolution of the Shareholders at a general meeting:

- make donations, except donations required by the business wherever they are small and customary amounts;
- pledge or mortgage the assets of the Company, except to secure debts of the Company incurred in the ordinary course of the Company's business; or
- guarantee debts of third parties, except guarantees made in the ordinary course of business for the sake of achieving the Company's objectives.

In accordance with Article 176 of the CCL, a resolution passed by an EGM of the Shareholders is required to sell all or a substantial part of the Company's fixed assets (being assets valued at 25 per cent. or more of the new value of the Company's assets), amend the Articles or transform, merge, dissolve and liquidate the company.

The Company will be bound by all acts performed by its Board, its Chairman and all other senior management, as long as they act in the name of the Company and within the scope of their powers.

In accordance with Article 127 of the SAOG Regulations, the Board may adopt some of its resolutions by circulation, provided that the following rules are observed:

1. The subject of the resolution shall not relate to the financial statements or the matters referred to the Board by the Audit and Risk Committee.
2. The resolution to be adopted must be presented to all directors together with documents required to examine it and take a decision on it.
3. Each director must record his position in respect of the resolution, whether he accepts or rejects the same. Reasons justifying the director's decision must be in writing.

Pursuant to Article 202 of the CCL, any member of the Board or executive management shall not take advantage of his/her post for obtaining benefits to himself/herself or to any other person. Article 203 of the CCL provides that a member of the Board of a company shall not participate in the management of any other company which carries out similar business. The Article further provides that members of the Board and the executive management of a company shall not perform for their benefit or for the benefit of third parties any business similar to the company's business or use assets or funds of the company for their or for the benefit of third parties without the prior approval of the OGM.

This restriction is explained in the chapter relating to "Insider Trading" regulations contained in the CML Executive Regulations, which:

- define an insider as any person who is in a position to have access to undisclosed material information and includes directors, executive management and any person who may have obtained such information as a consequence of their employment or family relationships or otherwise; and
- impose reporting obligations on issuers with respect to the list of directors, executive management and their spouses and relatives of the first degree and any amendments in such list.

Insider trading is punishable by fines and imprisonment under the CCL, the Securities Law and the CML Executive Regulations.

A member of the Board or senior management or other related party of the Company must not have any direct or indirect interest in the transactions or contracts concluded by the Company for its account, except those concluded in accordance with the rules and regulations of the CMA.

The members of the Board will be liable to the Company, the Shareholders and third parties for damages caused by their acts in violation of applicable law and their acts which fall beyond the scope of their powers, or by any fraud or negligence in the performance of their duties or by their failure to act prudently under certain circumstances.

The provisions of Article 18 of the CCL shall apply to lawsuits raised against the Company as follows:

"An action instituted on applications resulting from the implementation of this Law against or among the partners or shareholders of the company, concerning the Incorporation Documents or businesses of the company shall not be accepted nor shall an action against the managers, board members, auditors, or liquidators of the company or against heirs or successors of any of the above, on account of their acts during the exercise of their duties, be accepted, unless instituted within five years commencing from the latest among the following dates:

- date of registration of company with the Registrar;
- date of act or omission, which is the basis of the action; or

- date of approval of partners or of the general meeting of the company on which the Director or Board submitted an account of the company's operations for the period covering the act or omission, which is the cause of the action against the managers, Board or any of its members."

Remuneration of the Board

The AGM will determine the annual remuneration and sitting fees of the Chairman and the members of the Board in accordance with the regulations on such matters issued by the CMA in accordance with Article 197 of the CCL. The specific rules are set out in Section II Third of the SAOG Regulations which provide the remuneration of the board is separated into "Remuneration" and "Sitting Fees". Sitting Fees are paid to Members of the Board based on the number of Board and Committee meetings they attend during the financial year, with Article 129 of the SAOG Executive Regulations providing that these will not amount to more than OMR 10,000 per Director per year.

Article 130 to 133 of the SAOG Executive Regulations set out the rules for the calculation of Remuneration and provide that directors' remunerations shall be from the net profits after deduction of taxes, legal and optional reserves and the funds allocated from the profits for capitalisation and dividends.

The general meeting shall determine the directors' remuneration as follows:

- directors' remuneration shall not exceed OMR 300,000 for a company that realized net profits equal to or exceeding the profits realized in the previous financial year and that has no accumulated losses or losses in the capital; and

- directors' remuneration shall not exceed OMR 150,000 for a company that realized net profits less than the profits realised in the previous financial year and that had no losses in the capital.

The remuneration will be distributed amongst the members of the Board in such proportions and manner as they, by agreement, may determine, failing which the remuneration will be divided equally among the Board. A member of the Board will be eligible for compensation for his services if he is assigned a job or travels or does something related to the Company's affairs.

Board Committees

In order to assist the Board in performing its obligations, the Board may form committees to advise it and make recommendations on certain matters. In accordance with Article 196 of the CCL, the Code and the SAOG Executive Regulations, the Board has constituted an Executive Committee, an Audit and Risk Committee and a Nomination and Remuneration Committee, each comprising three directors. The Board may establish other committees from time to time. Each Committee shall be established in accordance with the provisions of the Code.

Board Executive Committee

The members of the Board Executive Committee are:

- Ayad Al Balushi (Chair);

- Ahmed Al Azkawi; and

- Khamis Al Saadi.

The Board Executive Committee acts on behalf of the Board pursuant to the delegated authorities and/or tasks mandated by the Board from time to time.

The role of the Board Executive Committee includes:

- reviewing and issuing recommendations regarding draft business plans, tender bids, commercial agreements, bank transactions, financing agreements and other related corporate documents;

- endorsing, approving or ratifying business plans, tender bids, commercial agreements, bank transactions, financing agreements and other related corporate documents;

- undertaking any tasks delegated to the Board Executive Committee by the Board in all related contractual or commercial transactions; and

- issuing resolutions within the committee's jurisdiction,

in each case in accordance with the stated threshold for the Board under the Company manual of authority.

Audit and Risk Committee

The members of the Audit and Risk Committee are:

- Muhsin Abdul Majeed Al Rustom (Chair);
- Amer Al Rawas; and
- Mashael Moosa.

The role of the Audit and Risk Committee includes:

- considering issues relating to the appointment of external auditors, including their fees and terms of engagement;
- reviewing the details of the external auditor's audit plan and the results of the audit process and ensuring the auditors have had full access to all relevant documents to perform their job;
- ensuring there are adequate procedures in place to detect and prevent any cases of financial fraud or forgery, and to ensure the adoption of appropriate accounting policies and principles in accordance with international accounting standards that demonstrate the real financial position of the company;
- oversight of the internal audit function through an approved audit plan, considering the reports of the internal auditor, ensuring the internal auditor has full access to the relevant documents and regularly reviewing the efficiency of the internal audit function;
- reviewing the risk management policy of the company and the adequacy of internal control systems through the regular reports of internal and external auditors, or appointing external consultants in this field;
- reviewing the annual and quarterly financial statements before issue, and reviewing the reservations of the external auditor on the draft financial statements, if any, and ensuring compliance with international accounting standards and disclosure requirements prescribed by the CMA;
- serving as a channel of communication between the Board and the external auditor and internal auditor;
- reviewing the proposed transactions with related parties to make suitable recommendations to the Board;
- reviewing the report of the internal auditor's external valuer and submitting the report to the Board. The submission to the Board must also contain a governance report that includes the committee's recommendations and a summary of the results of the external valuation; and
- proposing wages, other remuneration and financial and in-kind benefits for employees of the internal audit unit.

Following the IPO, the Audit and Risk Committee shall comprise at least three directors, the majority of whom shall be independent directors. In all cases, the Chairman of the Audit and Risk Committee shall be from amongst the independent directors. At least one of the members should have financial and accounting expertise. The Audit and Risk Committee will also be responsible for recommending the appointment and remuneration of a suitably qualified and experienced person for the position of the internal audit manager of the Company. Such person will be charged with responsibility for the following:

- developing the internal audit strategy for the Company;
- auditing operations and financial statements of the Company;
- ensuring the Company's compliance with laws and regulations applicable to the Company; and
- preparing periodic reports to the Board with respect to the adequacy and effectiveness of the Company's system of internal administrative, accounting and financing controls and on other issues on which the internal audit manager is requested to report by the Audit Committee of the Board.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

- Ashraf Al Mamari (Chair);
- Khamis Al Saadi; and
- Mashael Moosa.

The role of the Nomination and Remuneration Committee involves:

- assisting the Shareholders in the nomination of proficient directors at general meetings, and in the election of directors who are most fit for the purpose;
- assisting the Board in selecting the appropriate and necessary executives for the executive management of the Company;
- assisting the Company in formulating clear, credible and accessible policies to inform shareholders about directors' and executives' remuneration subject to the rules of remuneration and sitting fees for directors of SAOG's;
- developing and deploying additional performance-based criteria to determine the bonus and remuneration of the chief executive officer and senior executive management of the Company;
- submitting to the Board an annual plan of action;
- providing succession planning for the executive management;
- developing a succession policy or plan for the Board or at least the chairperson;
- preparing detailed job descriptions of the role and responsibilities for directors including the chairperson;
- identifying and nominating qualified persons to act as interim directors on the Board in the event a seat becomes vacant;
- nominating qualified persons to assume senior executive positions, as required or directed by the Board;
- preparing a bonus, allowances and incentive policy for the executive management; and
- reviewing such policies periodically, taking into account market conditions and company performance.

Following the IPO, the Nomination and Remuneration Committee shall comprise at least three directors, the majority of whom shall be independent directors. In all cases, the Chairman of the Nomination and Remuneration Committee shall be from amongst the independent directors.

Senior Management Team

The Company's management team is charged with day-to-day management and is responsible for the continuity and optimisation of its business to create long-term value for its stakeholders.

The current composition of the Company's senior management team is as follows:

Name	Position
Saif Al Hamhami	Chief Executive Officer
Lakshmi Rajan	Chief Financial Officer
Salah Al Harthy	Business Development Director
Abdulrauf Altobi	General Counsel
Saif Al Hussaini	Director - Drilling and Workover

Biographical Information of the Senior Management Team

Name:	**Saif Al Hamhami**
Position:	Chief Executive Officer
Year of Joining:	2022
Education:	Masters in Petroleum Engineering, Heriot-Watt University (UK)
	Bachelors in Chemical Engineering, University of Nottingham (UK)
Experience:	Has over 20 years of experience in the energy sector. Previously worked for several business units within Petroleum Development Oman, including Well Engineering, Production Engineering, Contracts Management and Production Chemistry. At PDO, he served as a member of PDO's top management team, in addition to working as a manager within several departments and as a well site supervisor. Also certified as a Lean practitioner.

Name:	**Lakshmi Rajan**
Position:	Chief Financial Officer
Year of Joining:	2009
Education:	Bachelor of Commerce (Honours), Delhi University (India)
	CPA - Certified Public Accountant (USA)
	FCA – Fellow of Institute of Chartered Accountants of India.
	FCS – Fellow of Institute of Company Secretaries of India
	FCMA – Fellow of Institute of Cost and Management Accountants of India
Experience:	Has held several senior finance positions since joining the Company, including as Director of Finance.Previously worked for Maruti Suzuki JV engineering company, Engineering Company and SmithKline Beecham, among others, and has 35+ years of experience.

Name:	**Salah Al Harthy**
Position:	Business Development Director
Year of Joining:	2011
Education:	Bachelor's in Materials Science, University of Manchester (UK)
Experience:	Has a career spanning over 26 years. Started as the Company's Business Development Manager, and has been a part of the Company's growth, including its foray into new service lines. Previously worked with Schlumberger from 1996 to 2010 and in various domestic as well as overseas assignments including in the KSA, the UAE, Venezuela, Egypt and the United States. His technical expertise includes cementing, sand face completion, fracturing, sand control, completion accessories and matrix acidising treatments, among others.

Name:	**Abdulrauf Altobi**
Position:	General Counsel
Year of Joining:	2014
Education:	PhD in Law, International Islamic University (Malaysia)
	LLM in Computers and Law, Queen's University of Belfast (UK)
	Jurisprudence Degree, Institute of Jurisprudence – converted to Law College under SQU (Oman)
Experience:	Worked previously with the Government of Oman, the Energy and Electricity Sector (EHC) and ITC Development Sector. Has 23+ years of experience in the energy sector. Is a certified arbitrator and member of the Oman Commercial Arbitration Centre.

Name:	**Saif Al Hussaini**
Position:	Director - Drilling and Workover
Year of Joining:	2007 (as Drilling Superintendent)
Education:	Bachelor of Business Management (Honors) from Gulf College
Experience:	Has more than 24 years of experience in the oil and gas drilling sector. At the Company, he served as the drilling operations manager for seven years and as drilling superintendent for four years. Prior employment includes positions at Schlumberger and KCA Deutag.

Internal Regulations

In accordance with the provisions set out in Article 117 of the CCL, the Company is required to adopt internal regulations for regulating its management, business and personnel affairs through its Board. Accordingly, the Company will implement corporate governance processes that meet the CMA's requirements for an SAOG as required by the CCL and by the CMA's regulations. These regulations will cover at least the following, separately from the rules and regulations of the CMA and the Code:

- organisational structure of the Company, including the responsibilities related to the various posts within the Company and the reporting structure/procedures;
- specifying the extent of expense approval authority vested in each post;
- specifying the allowance for meetings, remuneration and other privileges as prescribed in respect of the members of the Board and Board committees, and the basis for their calculation;
- policies related to procurement and other transactions concerning the Company (works and procurement manual) and service contracts;
- the minimum level of information required to be submitted to the Board;
- authorities, duties and responsibilities relevant to executive management and Board committees;
- policies related to human resources, including salaries, appointment, development, training, promotions and termination of services;
- investment policies;
- policies in relation to related party transactions;
- policies and procedures for the disclosure of material information in a transparent and timely manner to the CMA and the MSX, including procedures to classify/identify material information and the determination of the right to access such information by officers of the Company; and
- any other regulations that the Board may deem necessary to achieve an adequate level of corporate governance.

Chapter XVII
Rights and Liabilities of Shareholders

Shareholders' Liabilities

The liability of a Shareholder will be limited to payment of the value of the Shares for which the Shareholder has subscribed. The Shareholder will not be liable for the debts of the Company except to the limit of the value of the Shares subscribed.

Shareholders' Rights

All the Shares enjoy equal and inherent rights in accordance with the CCL. These rights include the following:

- the right to receive dividends declared by the general meeting of the Shareholders;
- preferential rights to subscribe for any new Shares;
- the right to share in the distribution of the proceeds of the Company's surplus assets on liquidation;
- the right to transfer Shares in accordance with applicable law;
- the right to access the Company's balance sheet, profit and loss account and Shareholders' register;
- the right to be invited to attend the general meeting and vote in such meetings personally or by proxy (each Shareholder will have one vote for each Share owned);
- the right to apply for annulment of any resolution made by the general meeting or the Board, if such resolution is detrimental to Shareholders or favours a certain category of Shareholders or brings a special benefit to the members of the Board, is otherwise contrary to applicable law, or the Articles, or the internal regulations of the Company, in accordance with Article 174 of the CCL, provided that Shareholders who own at least 5 per cent. of the Company's Share Capital shall have the right to submit such an application to the CMA;
- the right to institute legal proceedings on behalf of the Shareholders or the Company against the Board or the auditors of the Company; and
- in accordance with Article 174 of the CCL, the competent authority may, at the request of shareholders holding a minimum of 5 per cent. of the company's shares, issue a decision suspending the resolutions adopted by the company's general meeting which are detrimental to such shareholders or adopted in favour of a certain category of shareholders or to bring a special benefit to the members of the Board or others, if the reasons for such request are proved to be genuine.

The request to suspend the implementation of the resolutions adopted by the general meeting shall not be accepted after the passage of five working days from the date of such resolutions.

Any stakeholder may institute an action with the competent court to seek nullification of the resolutions stipulated in the first paragraph of Article 174 of the CCL and furnish the competent authority with a copy thereof, within five working days from the date on which a court decision on the suspension of the resolutions adopted by the general meeting is issued, otherwise the suspension shall be deemed null.

The court shall consider any action on the nullification of the resolutions adopted by the general meeting. The court may summarily order the suspension of the competent authority's decision at the request of the litigant, until the action is adjudicated.

Reports and Statements

The Board shall prepare unaudited quarterly financial statements for the first, second and third quarter of each financial year. It shall also prepare an annual report within 60 days from the end of each financial year, comprising the audited balance sheet, profit and loss statement, cash flow statement, changes in shareholder's equity, report of the Board, report on the discussions held by the Board and their analysis and report on the organisation and management of the Company. These statements should be disclosed at least 15 days prior to the AGM through the electronic dissemination system on the MSX website.

The unaudited quarterly financial statements of the Company shall be forwarded to the Information Centre within 30 days from the end of each quarter or any other legal period prescribed by the disclosure rules and conditions issued by the CMA through the private electronic dissemination system of the Information Centre. The Information Centre shall also be provided with two copies duly endorsed by the Board. The Company shall also have its financial statements published within the aforementioned period.

Under Article 280 of the CML Executive Regulations, all SAOGs are required to disclose their initial quarterly results within 15 days from the end of each quarter, on the basis of such results being approved by the executive management and prior to approval by the board. The Company will comply with the provisions of this article.

Ordinary General Meeting and Annual General Meeting

The AGM shall be held within 90 days following the end of the financial year, in accordance with Article 172 of the CCL, at such venue, day and time as incorporated in the notice of the meeting. AGMs may be called at any time throughout a year as required by the Board or otherwise.

The AGM shall be responsible for deliberation of the following, in accordance with Article 172 of the CCL:

I. considering and approving the report of the Board on the activities of the Company and its financial status during the outgoing financial year;

II. considering and approving the report of the Board on the organization and management of the Company during the outgoing financial year;

III. considering and approving the report of the auditor on the audited financial statements of the Company during the outgoing financial year and approving the balance sheet and profit and loss statement of the Company;

IV. electing and removing members of the Board;

V. considering and approving the proposal on the distribution of dividends to the Shareholders;

VI. approving the remuneration of the members of the Board and their sitting fees; and

VII. appointing an auditor for the new financial year and determining its fee.

The Board shall establish the agenda of the AGM and OGM. If the AGM or OGM is convened by the auditors, the agenda shall then be established by them. The Board, or the auditors, if necessary, shall include in the agenda any proposal put forward by Shareholders who represent more than 5 per cent. of the Share Capital of the Company provided that such proposal is submitted for inclusion in the agenda at least 20 days before the date of the meeting.

The resolutions of the AGM and OGM shall not be valid unless the meeting is attended by Shareholders or their proxies who represent at least half of the Share Capital of the Company. If such a quorum is not formed, a second meeting shall be called to discuss the same agenda. The proposed date for the second AGM or OGM shall be listed in the Shareholders' invitation notice for the first AGM/OGM, provided that the date for the second meeting shall be no more than a maximum of seven days following the date of the first AGM/OGM. The resolution of the second AGM/OGM shall be valid regardless of the number of shares represented, provided that such meeting is held within seven days from the date of the first meeting. The resolutions of the AGM and OGM shall be adopted by simple majority of votes cast, provided however that such resolutions shall only be valid if approved by the CMA and appropriately registered.

Extraordinary General Meetings

In accordance with Article 176 of the CCL, an EGM will be convened to decide on issues such as:

- disposal of the fixed assets of the Company or any part thereof valued at 25 per cent. or more of the net value of the Company's assets;

- an amendment to the Articles; or

- the transformation merger, dissolution or liquidation of the Company.

An EGM shall also be convened to decide on all other matters which such meeting is specifically authorized to settle in accordance with the law or the Articles.

The resolutions of the EGM shall not be valid unless the meeting is attended by Shareholders or proxies representing at least 75 per cent. of the Company's Share Capital. Failing such a quorum, a second meeting shall be convened to discuss the same agenda. The Shareholders' invitation notice for the first EGM shall specify a proposed date for the second EGM, provided the date for the second meeting shall be no more than a maximum of seven days from the date of the first EGM.

The resolutions of the second EGM shall be valid if the meeting is attended by Shareholders or proxies representing more than half of the Company's Share Capital, provided such meeting is held within seven days of the date of the first EGM.

The resolutions of the EGM shall be adopted by a majority of 75 per cent. of the votes cast in respect of a resolution, provided such resolution must always receive votes in favour representing more than 50 per cent. of the Company's Share Capital. Such resolutions shall only be valid if approved by the CMA and appropriately registered

Any shareholder or any interested party may refer to the Primary Commercial Court within five years from the date on which the meeting was held, to decide on nullification of any decision, if that decision is taken during a general meeting in violation of the CCL, the provisions of the Articles or the company's internal regulations, or through deceit or misuse of authority.

Lock-up Period - Exemption from the Applicability of Article 127 of the CCL

Article 127 of the CCL restricts the founders of an SAOG from disposing of their shares in such company before it has published two balance sheets for two consecutive financial years, starting from the date of commencement of registration by the company. However, this Article further provides that a public joint stock company that is established by way of conversion of an existing company shall be exempt provided that it has completed two (2) years of existence prior to its conversion into a public joint stock company.

General Restrictions on Transfer of Ownership of the Shares

The shareholding of each Shareholder may not exceed the maximum limit prescribed and provided for in the Articles and the CCL respectively, unless the necessary approvals are secured.

Article 100 of the CCL provides that founders of a public joint stock company may not own more than 60 per cent. of the share capital of the company save where the public joint stock company has been converted from an existing form of company, in which case, the founding shareholder(s) may retain up to 75 per cent. of the company's share capital. The founding shareholder(s) may exceed the above-specified threshold with the approval of the CMA. Article 100 of the CCL further provides that a single founder shareholder of a public joint stock company shall not own more than 20 per cent. of the share capital whether in his/her name or in the names of his/her minor children who are less than eighteen (18) years of age, except in the case of conversion, in which case the founders may retain their contribution if such contribution exceeds the percentage prescribed for each founder. In addition, companies fully owned by the State and holding companies are exempt from the prescribed percentages under Article 100.

Any person whose shareholding, along with his minor children's shareholding, reaches 10 per cent. or more of the Company's Share Capital, is required to advise the CMA of the same in writing. Further, the Shareholder must inform the CMA in writing of any transaction or dealing which leads to any further increase in this percentage immediately after it happens.

No single person or related person up to the second degree may hold or purchase 25 per cent. or more of the shares of an SAOG, save in accordance with the rules issued by the CMA on the subject.

Additionally, if any one Shareholder, or group of Shareholders, were to sell their shares to another Shareholder this may trigger the CMA Take Over Code. A "Take Over" is defined within the Take Over Code as the acquisition of 25 per cent. or more of the issued share capital of an SAOG, and where this occurs the purchasing entity would be required to comply with the Take Over Code, obtain the CMA's approval to the acquisition and make a takeover offer to the other Shareholders of the SAOG.

Chapter XVIII
Subscription Conditions and Procedures

Offer Structure

	Category I (Large Investors)	Category II (Small Investors)
No. of Equity Shares	245,308,700 to 320,788,300 Shares	56,609,700 to 132,089,300 Shares
Percentage of Offer Size	65 to 85 per cent.	15 to 35 per cent.
	The aggregate allocation to Category I Investors may be reduced to a maximum of 65 per cent. of the Offer size if there is excess demand in Category II. If the aggregate demand in Category II is less than 15 per cent. of the Offer size and there is excess demand in Category I, then after full allocation to Category II Investors, the balance of the Shares will be made available to Category I Investors for allocation at the Offer Price.	If there is excess demand in Category II, the allocation to Category II Investors may be increased up to a maximum of 35 per cent. of the Offer size. If the aggregate demand in Category II is less than 15 per cent. of the Offer size, then after full allocation to Category II Investors, the balance of the Shares will be made available to Category I Investors for allocation at the Offer Price, if there is oversubscription in Category I.
Basis of Allotment	Determined by the Selling Shareholders in consultation with the Joint Global Coordinators and CMA	Proportionate The CMA may decide to distribute a minimum number of Shares offered for subscription to all subscribers equally, with the remainder of the Shares being distributed as set out above
Minimum Subscription	803,300 Shares and in multiples of 100 Shares thereafter	1,000 Shares and in multiples of 100 Shares thereafter
Maximum Subscription	37,739,800 Shares, which is equal to 10 per cent. of the Offer size (not applicable to Anchor Investors)	803,200 Shares
Terms of Payment	Investors must make payment to the designated bank account of the Collection Agents, and the Collection Agents will transfer the subscription proceeds, at least one business day prior to the Settlement Date to the designated bank account of the Issue Managers	100 per cent. of the Category II Application Money to be paid at the time of submission of the Application to the relevant Collection Agent(s)
Other Conditions	Applications to be submitted to any of the Collection Agents on or before 2 March 2023	Applications to be submitted to any of the Collection Agents on or before 1 March 2023
Offer Period	20 February 2023 to 2 March 2023	20 February 2023 to 1 March 2023

For additional details on the circumstances under which the allocations between Category I Investors and Category II Investors could change, see *"–Basis of Allotment".*

The Offer

Based on the Price Range, this Offer is being offered to Category I Investors through a bookbuild offering (as described in more detail in *"Chapter XX–Bookbuilding Process"*) and to Category II Investors at the Discounted Maximum Price. All investors will be allotted Shares at the Offer Price. The Offer Price is the final price at which Shares will be issued and allotted pursuant to the terms of this Prospectus. The Offer Price will be decided by the Selling Shareholders in consultation with the Joint Global Coordinators and the CMA on the Pricing Date.

Eligibility for the Subscription of Offer Shares

The Offer will be open in Oman to Omani and non-Omani individuals and juristic persons who have their accounts with MCDC. All individuals and juristic persons who are nationals of or registered in (as applicable) the countries comprising the Gulf Cooperation Council are treated as Omani individuals and juristic persons for the purpose of owning shares in Omani SAOGs.

No single person shall by themself, or through a related person up to the second degree, hold or purchase more than 10 per cent. of the Offer size, except with the explicit written approval of the CMA as per the applicable regulations.

Prohibitions with regard to the Applications for subscription

In accordance with the Capital Market Law of Oman issued by Royal Decree 80/1998, as repealed and superseded by the Securities Law, the following persons shall not be permitted to subscribe to the Offer:

- Sole proprietorship establishments: the owners of sole proprietorship establishments may only submit Applications in their personal names;
- Trust accounts: investors registered under trust accounts may only submit Applications in their personal names (except as detailed below);
- Multiple Applications: an investor may not submit more than one Application;
- Joint Applications: investors may not submit applications in the name of more than one individual (including on behalf of legal heirs);
- Founding Shareholders: the founding shareholders of the Company may not submit any Applications; and
- Related Parties: the related parties of the Company cannot participate in the Category I Offer except where such relationship is due to common shareholding or control exercised by the administrative apparatuses of the Government.

Any Applications not complying with the above criteria may be rejected without contacting the investor, although Applications by Trust Accounts may be accepted in the Offer, at the discretion of the Joint Global Coordinators or the Collection Agents (as applicable), if they are satisfied that none of the underlying subscribers applying through such Trust Accounts have also applied through their names or their personal establishments. The Joint Global Coordinators or Collection Agents (as applicable) may reject such Application if they become aware that there are multiple applications from such investors applying through Trust Accounts.

The acceptance by the Joint Global Coordinators or Collection Agent(s) (as applicable) of Applications by Trust Accounts will require issuance of an undertaking signed by the investor providing further details of the underlying investors/beneficiaries on whose behalf the Application has been made. The Joint Global Coordinators or Collection Agents (as applicable) will clearly communicate to each investor that in case of multiple Applications by a Trust Account and its underlying investor(s) in their or their personal establishment's name, all Applications may be rejected at the discretion of the Joint Global Coordinators or Collection Agent(s) (as applicable).

Subscription on behalf of minor children

For the purpose of this Offer, any person under 18 years of age on the date of submission of an Application will be defined as a minor.

Only a father may subscribe on behalf of his minor children.

If an Application is made on behalf of a minor by any person other than the minor's father, the person submitting the Application will be required to attach a valid Sharia (Legal) Power of Attorney issued by the competent authorities authorising him or her to deal in the funds of the minor through sale, purchase and investment.

Investor's Investor Number with MCDC

Any investor who subscribes for the Offer Shares must have an account and investor number with the MCDC. Any investor may apply to obtain an investor number and open an account by completing the 'MCDC Application'. This may be obtained from the MCDC's head office or its website at www.mcd.gov.om, or from brokerage companies licensed by the CMA. The completed form may be submitted by an investor through any of the following channels:

- at the head office of the MCDC, at P.O. Box 952, Postal Code 112, Ruwi, Muscat, Sultanate of Oman;
- at the office of any brokerage company licensed by the CMA;
- via facsimile to MCDC at +968 24817491; and
- by opening an account through the MCDC website at www.mcd.gov.om.

In order to open an account with the MCDC, a juristic person will be required to furnish a copy of its constitutional documents, in the form prescribed by the MCDC, along with a completed MCDC Application in order to open an account and receive an investor number.

Investors who already hold accounts with the MCDC are advised, before the Offer, to confirm their details as noted in the Application. Investors may update their particulars through any of the channels mentioned above.

Investors should ensure that their contact details as provided to the MCDC are correct and kept up to date.

Each investor should secure from the MCDC its investor number as the investor number will be required in order to complete the Application. Each investor is responsible for ensuring that the investor number set out in their application is correct. Applications not bearing the correct investor number may be rejected without contacting the investor.

For more information on these procedures, investors should contact the MCDC:

Muscat Clearing & Depository Co. SAOC
P.O. Box 952, Postal Code 112, Ruwi, Muscat, Sultanate of Oman
Tel: +968 2482 2222; Fax: +968 2481 7491
www.mcd.gov.om

Maximum Limit of Subscription

The maximum number of Shares that may be purchased pursuant to an Application for Category I investors (not applicable to Anchor Investors) is equivalent to 10 per cent. of the total Offer size, or 37,739,800 Shares. An investor in Category I may not subscribe for more than this number of Shares, and at no time may a single person, either directly or through a related person up to the second degree, hold or purchase Shares equivalent to more than 10 per cent. of the Offer size, except with the explicit written approval of the CMA as per the applicable regulations. The maximum number of Shares that may be purchased in the Offer by Anchor Investors in aggregate is equivalent to 40 per cent. of the total Offer size, or 150,959,200 Shares, and any individual Anchor Investor may purchase up to 20 per cent. of the total Offer size, or 75,479,600 Shares.

The Company, in consultation with the CMA, has determined to limit the size of Applications for Category II Investors to 803,200 Shares.

Each investor is advised to ensure that its Application for Shares does not exceed:

- 37,739,800 Shares for Category I Investors (not applicable to Anchor Investors); and
- 803,200 Shares for Category II Investors.

None of the Company, the Selling Shareholders, the Issue Managers, the Joint Global Coordinators or the Collection Agents are liable for any changes in applicable laws or regulations that occur after the date of this Prospectus. Investors are advised to make their own independent investigations to ensure that their Applications comply with prevailing laws and regulations.

Price Range

The Price Range has been fixed at Bzs 242 to Bzs 249 per Share, with Bzs 242 being the minimum price and Bzs 249 being the maximum price.

The Price Range has been determined through an investor education process, in which the Joint Global Coordinators gathered feedback from potential Category I Investors on their views on the positioning of the Company, its strengths and weaknesses and the valuation of the Company. This was done both through the research analyst reports and directly by each Joint Global Coordinator. The Selling Shareholders evaluated the information collected during this phase with the CMA and the Joint Global Coordinators to determine the Price Range.

Offer Period

The Category I Offer Period will commence on 20 February 2023 and end on 2 March 2023.

The Category II Offer Period will commence on 20 February 2023 and end on 1 March 2023.

Category I Offer

Subscription Process for Category I Investors

Category I Investors may place Applications with any of the Collection Agents during official banking hours prior to or on the Category I Offer Closing Date. Applications, once submitted, are binding and can only be modified once by submitting an Application Revision Form for a higher quantity of Shares, a higher price or both, on or before the Category I Offer Closing Date.

Applications shall contain a maximum of three price and quantity combinations (bids). Each Collection Agent shall be responsible for verifying if the Application complies with the instructions set out in this Prospectus.

Payment for the Shares purchased by Category I Investors shall be made in Omani Rials. Purchasers will be required to make full payment for the Shares to the designated bank account of the Collection Agents, and the Collection Agents will transfer the subscription proceeds, at least one business day prior to the Settlement Date to the designated bank account of the Issue Managers in accordance with the provisions of "–Terms of Payment for Category I". In the event of a failure to make timely payment, purchasers of the Shares may incur significant charges and/or enforcement action against them.

Indicative Illustration of the Bids

The following table sets out an indicative illustration of certain bids by Category I Investors that are and are not allowed.

Investor Name	Investor A	Investor B
No. of Offer Shares at each Bid Price	10,000,000 at Bzs 249	5,000,000 at Bzs 249
	5,000,000 at Bzs 248	10,000,000 at Bzs 248
		15,000,000 at Bzs 245

In the example above, two Applications have been received in the Category I Offer. Each Investor has placed different bids. For Investor A, the bid at Bzs 248 should have been greater than 10,000,000 Offer Shares as Investor A is already willing to buy 10,000,000 Offer Shares at Bzs 249. As a result, the bid of 5,000,000 at Bzs 248 for Investor A will be rejected. Investor B has made valid bids, as the quantity of Offer Shares demanded at every lower price point is higher. Furthermore, if the cut-off price is determined as Bzs 248, then Investor B will receive allotment based on only the bid of 10,000,000 Offer Shares at Bzs 248 and the bid of 5,000,000 Offer Shares at Bzs 249 will not be considered.

The following table sets out an indicative illustration of the bids in an Application.

Indicative Illustration of the Bids in an Application

Bid	Bid Price (Bzs)	Total Offer Shares demanded at the price	Bid amount (OMR)
Bid 1	249 (A1)	1,000,000 (B1)	249,000 (A1 * B1)
Bid 2	248 (A2)	1,200,000 (B2)	297,600 (A2 * B2)
Bid 3	245 (A3)	1,500,000 (B3)	367,500 (A3 * B3)

Price Discovery and Determination of Offer Price and Allocation

After the Category I Offer Closing Date and once all Applications have been submitted to the Issue Managers by the Collection Agents, the Joint Global Coordinators will collectively analyse the demand generated by the Category I Investors at various price levels and discuss pricing strategy with the Selling Shareholders. The Selling Shareholders in consultation with the Joint Global Coordinators and the CMA will determine the Offer Price, which will be within the Price Range. The allocation of Shares to Category I Investors will be determined by the Selling Shareholders in consultation with the Joint Global Coordinators and the CMA. Factors that may be considered by the Joint Global Coordinators and the Selling Shareholders and that will be discussed with the CMA when determining the allocations between prospective Category I Investors may include participation in the marketing process for the Offer, holding behaviour in previous offerings, holdings in similar companies and other factors that the Joint Global Coordinators and the Selling Shareholders may deem relevant.

If there is undersubscription in Category II (such that it comprises less than 15 per cent. of the Offer Size) and provided that there is oversubscription in Category I, the Selling Shareholders will make any unsubscribed Shares of Category II available for allocation to the Category I Investors. If the demand from Category I investors is less than the Shares offered for Category I, the Offer size may be reduced or the Offer may be withdrawn, in consultation with the CMA.

If Category II receives demand above the allocated 15 per cent. of the Offer size, the allocation of Shares to Category II Investors shall be increased to such levels as are required to meet such excess demand, up to a maximum of 35 per cent. of the total Offer size. Any increase in the Category II Offer size due to excess demand will result in a corresponding reduction in the allocation to Category I Investors.

On the next working day after receiving CMA approval of the proposed allotment, (i) the Offer Price will be announced by the Company on the MSX and (ii) the Issue Managers will send the investor allocation details to the MCDC and the Joint Global Coordinators, and the Joint Global Coordinators and/or the MCDC, as applicable, will notify Category I investors of their allocations.

Terms of Payment for Category I

Each Collection Agent will open an escrow account entitled the "Abraj IPO - Category I" account for the collection of the Category I Application Money.

The Issue Managers will open an escrow account entitled the "Abraj IPO - Category I" account to receive the subscription proceeds from the Collection Agents at least one business day prior to Settlement Date. This account will be managed by each Issue Manager for Category I. After deduction of all applicable fees and VAT, each Issue Manager for Category I will transfer the net proceeds in such account to the escrow account of the MCDC on the Settlement Date.

Each Category I Investor shall be required to make full payment for their subscribed Shares to the designated bank account of the Collection Agents, and the Collection Agents will transfer the subscription proceeds at least one business day prior to the Settlement Date, to the designated bank account of the Issue Managers. In the event of failure to make timely payment, the concerned Category I Investor may incur significant charges and/or enforcement action against them. Investors can pay for their subscription by drawing a demand draft issued by a bank in Oman or by instructing an account transfer for the amount payable at the time stated above.

Delivery of the Offer Shares is expected to be made on the Settlement Date to the accounts of the Category I investors through the book-entry facilities operated by the MCDC.

Category II Offer

Subscription Process for Category II Investors

Initially, 15 per cent. of the Offer (56,609,700 Shares) will be available for subscription by and allocation to Category II Investors, although this may be increased to a maximum of 35 per cent. of the Offer (132,089,300 Shares) if there are sufficient Applications from Category II Investors.

Mode of Application: The Category II Offer process will be conducted through the E-IPO Mechanism.

Collection Agent E-IPO Platform

Investors will be able to submit Applications to the Collection Agents during official banking working hours on or before the Category II Offer Closing Date. Investors will need to contact a Collection Agent for further guidance on the E-IPO channel provided by the respective Collection Agent.

The investor will be required, before completing the Application through E-IPO, to carefully read this Prospectus, including the conditions and procedures governing the E-IPO Application. Copies of this Prospectus will be available to investors through the Collection Agents, on the Company's IPO microsite or can be downloaded from the websites of the CMA and MSX, as follows: www.cma.gov.om and www.msx.om, respectively.

The Category II Application Money will be paid by the Investor as per the terms of the E-IPO Mechanism used by each Collection Agent.

MCDC E-IPO Platform

Investors can provide their particulars in the E-IPO Platform on the MCDC website (www.mcd.gov.om).

After verifying all the particulars, the investor will need to print the E-IPO Application. The investor needs to submit the E-IPO Application along with supporting documents and Category II Application Money to one of the Collection Agents. The investor will need to contact a Collection Agent for further guidance on the E-IPO channel provided by the respective Collection Agent. The Category II Application Money will be paid by the investor as per the terms of the E-IPO collection process utilised by each Collection Agent. The Collection Agent will, after verifying the supporting documents and confirming the receipt of the Category II Application Money, validate the E-IPO Application in the E-IPO Platform and share a copy of the acknowledgement of the E-IPO Application with each investor. The investor needs to ensure that they receive a copy of the acknowledgement from the Collection Agent as a valid proof of their Application.

Application Money

Along with submission of the Application, all Category II Investors must make a payment of 100 per cent. of the subscription amount, calculated as the total number of Shares applied for multiplied by the Discounted Maximum Price , which is Bzs 224 per Share (the "Category II **Application Money**").

Refunds

Any refunds due to Category II Investors will be calculated based on the difference between (i) the Discounted Maximum Price of Bzs 224 per Share and (ii) the Offer Price less a discount of 10 per cent. The Offer Price will be determined by the outcome of the bookbuild offering to Category I Investors. All investors will be allotted Shares at the same Offer Price.

Applications

The Application must be completed in full in accordance with the instructions contained in this Prospectus and in the Application form. Incomplete Applications may be rejected. Investors may only use the specified Application for the purpose of making a subscription for the Offer.

Each investor is eligible to submit only one Application. Submission of a second Application to either the same or to another Collection Agent will be treated as such investor having submitted multiple applications and may result in all Applications submitted by the investor being rejected at any point in time prior to the allotment of Shares in the Offer.

Terms of Payment for Category II

The Collection Agents will open an escrow account for the collection of the Category II Application Money.

This account will be managed by each Collection Agent, who will within the next working day after the receipt of Category II Application Money transfer the collection proceeds to the common escrow account maintained by the MCDC.

Each Category II Investor can pay by cash, drawing a demand draft issued by a bank in Oman or instruct an account transfer for the amount payable at the time of submission of the Application.

Basis of Allotment

Applications received from Category II Investors will be grouped together to determine the total demand under Category II. The allotment to all Category II Investors will be made at the Offer Price.

If the aggregate demand in Category II is less than or equal to 15 per cent. of the Offer (56,609,700 Shares), full allotment will be made to the Category II Investors up to the number of shares of their valid Applications. If the aggregate demand in Category II is less than 15 per cent. of the Offer, then after full allocation as above, the balance of the Shares shall be made available to Category I investors for allocation at the Offer Price if there is oversubscription in Category I.

If the aggregate demand in Category II is greater than 15 per cent. of the Offer (56,609,700 Shares), then the allotment to Category II Investors will be increased, up to a maximum of 35 per cent. of the Offer, and the Category I Offer will be reduced accordingly. If the aggregate demand in Category II is greater than 35 per cent. of the Offer (132,089,300 Shares), then allotments will be scaled back and made on a proportionate basis in consultation with the CMA.

Allotment Confirmation and Refund of Money for Category II

The MCDC will send an SMS to investors who have been allotted Shares to their mobile number registered with the MCDC after the end of the Category II Offer Period following receipt of the approval of the CMA on the proposed allotments. The MCDC is also expected to commence refunds of any excess money to eligible investors within three days after receiving the approval of the CMA on the proposed allotments.

Particulars of the Bank Account of the Category I Investors

Each investor is required to furnish the particulars of its bank account (registered in the name of the investor). The investor must not use the bank account number of any other Person except in the case of minor children only.

If the bank account of an investor is registered with a bank other than one of the Collection Agents, the investor will be required to submit a document to confirm the details of the bank account particulars as provided in the Application. This can be done by submitting any document from the bank of the investor that states the account number and name of the account holder. Documents that may be accepted include account statements or a letter or any document issued by the bank confirming this information. The investor is responsible for ensuring that the evidence submitted is legible and contains the required information. The investor is not obliged to submit any evidence with regard to the accuracy of its bank account if it is subscribing through a Collection Agent where it maintains its account. In this case, the Collection Agent will be required to verify and confirm the correctness of the investor's account through its own system and procedures or through the evidence submitted to it by the investor.

The Application containing the bank account number of a person other than the investor will be rejected, with the exception of the Applications made on behalf of minors that contain bank accounts particulars of their fathers.

Particulars of the Bank Account of the Category II Investors

The details of the Investor's bank account listed in the records of the MCDC will be used for transferring any refund. However, if an Investor takes a leverage facility for the IPO from a Collection Agent, the refund will be made into the Investor's loan account with the respective Collection Agent.

Documentation Required

A copy of a valid power of attorney duly endorsed by the competent legal authorities is required if the subscription is on behalf of another person (with the exception of a subscription made by a father on behalf of his minor children).

For applications by juristic persons (non-individuals) which are signed by a person in his or her capacity as an authorised signatory, a copy of adequate and valid documentation should be attached.

Collection Agents Receiving the Applications

- Ahli Bank SAOG;
- Bank Dhofar SAOG;
- Bank Muscat SAOG;
- National Bank of Oman SAOG;
- Oman Arab Bank SAOG;
- Sohar International SAOG;
- Ubhar Capital SAOC; and
- United Securities LLC.

Acceptance of the Applications

The Issue Managers or the Collection Agents may not accept the Applications if:

- the Application does not bear the signature of the investor;
- the Application Money is not paid by the investor in accordance with the conditions set out in this Prospectus;
- the Application does not include the investor's Investor Number registered with the MCDC;
- the Application is submitted in joint names;
- the investor is a Sole Proprietorship or trust account;
- the Investor Number furnished in the Application is incorrect;
- the investor submits more than one Application in the same name, in which case all of them will be rejected;
- the supporting documents are not enclosed with the Application;
- the Application does not contain all the particulars of the bank account of the investor;
- the particulars of the bank account provided for in the Application are found to be incorrect or not relevant to the investor, with the exception of Applications submitted in the names of minor children, who are allowed to make use of the particulars of the bank accounts held by their father;
- the power of attorney is not attached to the Application in respect of an investor who subscribes on behalf of another Person (with the exception of the fathers who subscribe on behalf of their minor children); or
- the Application does not comply with the legal requirements as provided for in this Prospectus.

If the Issue Manager or Collection Agent receives an Application that does not comply with the procedures set out in this Prospectus, due effort will be taken to contact the investor so that the mistake may be corrected. If the investor does not rectify the Application within a specified period, the Issue Manager or the Collection Agent will return the Application together with the Application Money to the investor.

Refusal of Applications

The Issue Managers may reject any Application under any of the conditions referred to above, subject to securing the approval of the CMA and submission of a comprehensive report furnishing the details of the Applications that are rejected and the reasons behind the rejections.

Enquiries and Complaints

Investors who intend to seek clarification or file complaints with regard to issues related to the allotment of Shares or rejected Applications or refund, may contact the Collection Agent through which the subscription was made. The contact details of the Collection Agents are below:

Collection Agent	Contact Names	Postal Address	Contact Details
Ahli Bank SAOG	Duaa Al Zaabi Khalid Al Riyami	P.O. Box: 545, Postal Code 116 Mina Al Fahal Muscat Sultanate of Oman	duaa.alzaabi@ahlibank.om; +968 2457 7922 Khalid.alriyami@ahlibank.om; +968 2457 7824
Bank Dhofar SAOG	Raid Al Zadjali Aisha Al Khanjari	P.O. Box 1507, Postal Code 112, Ruwi, Muscat, Sultanate of Oman	razadjali@bankdhofar.com; +968 9664 4227 askhanjari@bankdhofar.com; +968 9988 0465
Bank Muscat SAOG	Mohammed Najwani Alya Al Wahaiby	P.O. Box 134, Postal Code 112 Seeb, Muscat, Sultanate of Oman	Bank Muscat Wholesale Banking Operations BrokerageBackOffice@bankmuscat.com +968 2476 7950; +968 2476 8593
National Bank of Oman SAOG	Salim Al Musallami Reem Al Abri	P.O. Box: 751, Postal Code 112 Ruwi, Muscat Sultanate of Oman	nbobackoffice@nbo.om +968 2477 8075; +968 2477 8754
Oman Arab Bank SAOG	Saqar Al Harrasi Ghada Al Raisi	P.O Box 2240, Postal Code 130, Bousher, Sultanate of Oman	Saker.Al-Harasi@oman-arabbank.com; +968 2475 4526 Ghada.AlRaisi@oman-arabbank.com; +968 2475 4653
Sohar International SAOG	Hussain Al Lawati Amina Al Busaidi	P.O. Box 44, Postal Code 114, Hai Al Mina, Muscat, Sultanate of Oman	Hussain.AlLawati@soharinternational.com; +968 2473 0125 InvestmentSettlementOps@soharinternational.com; +968 2473 0372
Ubhar Capital SAOC	Ahmed Al Marhoon Dawood Al Ali	P.O. Box 1137, Postal Code 111, Muscat, Sultanate of Oman	a.almarhoon@u-capital.net; +968 2494 9021 Dawood@u-capital.net; +968 2494 9060
United Securities LLC	Ayman Al Lawati Osama Shihab	P.O. Box 2566, Postal Code 112 Sultanate of Oman	Ayman@usoman.com; +968 2476 3337 Osama@usoman.com; +968 2476 3329

If the Collection Agent does not respond, Investors may contact any of the Issue Managers, whose details are set out below:

Issue Manager	Contact Name	Postal Address	Contact Details
Ahli Bank SAOG	Amin Al Balushi	P.O. Box: 545, Postal Code 116 Mina Al Fahal, Muscat, Sultanate of Oman	Amin.albalushi@ahlibank.om; +968 2457 7830
National Bank of Oman SAOG	Muadh Al Balushi	P.O. Box: 751, Postal Code 112 Ruwi, Muscat Sultanate of Oman	muadhdarwish@nbo.om; +968 2477 8762

Timetable

The following table shows the expected time schedule for completion of the subscription procedures:

Procedure	Date
Category I Offer Opening Date	**20 February 2023**
Category II Offer Opening Date	**20 February 2023**
Category I Offer Closing Date	**2 March 2023**
Category II Offer Closing Date	**1 March 2023**
Due date for Collection Agents to receive subscription amounts from Category II Investors	**1 March 2023**
Due date for the Issue Managers to receive the subscription data and final registers from the Collection Agents	**5 March 2023**
Finalisation of the Offer Price and notification to the CMA of the outcome of the subscription and the proposed allotments	**6 March 2023**
Approval of the CMA of the proposed allotments	**6 March 2023**
Announcement of Offer Price on the MSX and notification of investor allotments	**6 March 2023**
Due date for Issue Managers to receive Category I subscription amounts from Collection Agents	**8 March 2023**
Settlement Date	**9 March 2023***
Commencement of refund	**9 March 2023**
Listing Date	**14 March 2023***

* or such earlier date as may be notified by the Joint Global Coordinators

Listing and Trading of the Shares of the Company

The Shares will be listed on the MSX in accordance with the laws and procedures that are in force on the date that the application is made for the listing and registration. The Listing Date is an estimated date and the exact date will be published on the MSX website.

Responsibilities and Obligations

The Issue Managers and the Collection Agents receiving the subscription and the MCDC must abide by the responsibilities and obligations set out by the directives and regulations issued by the CMA. The Issue Managers, the Joint Global Coordinators and the Collection Agents must also abide by any other responsibilities that are provided for in the agreements entered into among them and/or the Company and/or the Selling Shareholders.

The parties concerned will be required to take remedial measures with regard to the damages arising from any negligence committed in the performance of the functions and responsibilities assigned to them. The Issue Managers and the Collection Agents will be the bodies who are responsible before the regulatory authorities in taking suitable steps and making good such damages.

Eligible Investors

Other than in Oman, no action has been taken or will be taken in any jurisdiction that would permit a public offering of the Shares or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Shares, in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisement or other document or information in connection with the Shares be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. See "*Selling Restrictions*".

As referenced above, the Shares have not been, and will not be, registered under the Securities Act or with any security regulatory authority of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each purchaser of the Shares outside the United States will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

a) the purchaser is authorised to consummate the purchase of the Shares in compliance with all applicable laws and regulations;

b) the purchaser acknowledges that the Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States, and, subject to certain exceptions, may not be offered or sold within the United States;

c) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, was located outside the United States at the time the buy order for such Shares was originated and continues to be located outside the United States;

d) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

e) the Shares have not been offered to the purchaser by means of any "directed selling efforts" as defined in Regulation S under the Securities Act;

f) if the purchaser is acquiring any Shares as a fiduciary or agent for one or more accounts, the purchaser represents that the purchaser has sole investment discretion with respect to each such account and that the purchaser has full power to make, and does make, the foregoing acknowledgements, representations and agreements on behalf of each such account;

g) the purchaser understands that any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions may not be recognised by the Company; and

h) the purchaser acknowledges that the Company, the Selling Shareholders, the Joint Global Coordinators, the Issue Managers, the Collection Agents and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Chapter XIX
Subscription and Sale

The Company, the Selling Shareholders, the Joint Global Coordinators and the Collection Agents have entered into an institutional settlement agreement dated 9 February 2023 with respect to the Shares (the "**Institutional Settlement Agreement**"). Subject to the satisfaction of certain conditions set out in the Institutional Settlement Agreement, including the execution of the Pricing Memorandum (as defined below), each Joint Global Coordinator and Collection Agent has agreed, severally but not jointly, to procure purchasers, or failing which to purchase, the Shares in the Category I Offer on terms specified in the Institutional Settlement Agreement and the Pricing Memorandum. The number of Shares will be determined on the Pricing Date and set out in the Pricing Memorandum. Such number of Shares will also be communicated in a press release to be issued by the Company.

The Price Range is Bzs 242 to Bzs 249 per Share.

The Company will apply for the listing of the Shares on the MSX under the symbol ABRJ.

All commissions to the Joint Global Coordinators and the Collection Agents will be paid by the Selling Shareholders. The expenses of the Offer will be borne by the Selling Shareholders.

Institutional Settlement Agreement

In the Institutional Settlement Agreement, the Company and the Selling Shareholders have made certain representations and warranties and the Company has agreed to indemnify the several Joint Global Coordinators and the Collection Agents against certain liabilities, including liability under the Securities Act. The Joint Global Coordinators and the Collection Agents are offering the Shares on behalf of the Selling Shareholders when, as and if delivered to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Shares, and other conditions contained in the Institutional Settlement Agreement, such as the receipt by the Joint Global Coordinators and the Collection Agents of officers' certificates and legal opinions.

The commitment of the several Joint Global Coordinators and the Collection Agents to procure purchasers, or failing which to purchase, the Shares in the Category I Offer will be subject to certain conditions precedent, including among others, the execution of a pricing memorandum to the Institutional Settlement Agreement (the "**Pricing Memorandum"**) by the Company, the Selling Shareholders and the Joint Global Coordinators setting forth the Offer Price for the Shares and the final number of Shares offered in the Offer. The Pricing Memorandum is expected to be executed on the Pricing Date. The Joint Global Coordinators may terminate the Institutional Settlement Agreement prior to the Settlement Date under certain specified conditions that are typical for an agreement of this nature. If any of such conditions are not satisfied or waived, or the Institutional Settlement Agreement is terminated prior to the Settlement Date, then the Offer will lapse. The Institutional Settlement Agreement shall automatically terminate if Admission does not become effective within seven working days of the proposed Listing Date. Should this occur, then (i) the Offer shall automatically terminate, (ii) the Selling Shareholders shall refund all monies received from investors, and (iii) investors who purchased Shares in the Offer will be required to return the Shares they have purchased to the Selling Shareholders. For further details, see *"Chapter IV–Risk Factors–The application for listing of the Shares on the MSX may not be successful*."

Pricing of the Offer

Prior to the Offer, there has been no public market for the Shares. No assurance can be given as to the liquidity of the trading market for the Offer Shares. The Price Range was determined by the Selling Shareholders and the Company, in consultation with the Joint Global Coordinators, following investor engagement undertaken by the Joint Global Coordinators and the Collection Agents.

Lock-up Arrangements

Pursuant to the Institutional Settlement Agreement, the Company and each Selling Shareholder has contractually agreed, for a period of 180 calendar days after the Admission, not to (i) directly or indirectly issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant, or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other shares of the Company, or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, (ii) enter into any swap, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Shares, in each case, whether any such transaction is to be settled by delivery of Shares or other securities, in cash or otherwise, or (iii) announce publicly such an intention to effect any such transaction, in each case, without the prior written consent of the Joint Global Coordinators, such consent not to be unreasonably withheld or delayed.

In respect of the Selling Shareholders only, the foregoing restriction will not apply to:

i. the sale of the Shares to be sold pursuant to the Offer;

ii. any inter-company transfers of Shares by a Selling Shareholder in favour of its affiliates ("Transferees"), provided that: (x) prior to the making of any such transfer, the Transferee shall agree to be bound by the lock-up obligations of the Selling Shareholder; (y) any such intercompany transfers of Shares shall be performed on terms and conditions that do not conflict with the Offer; and (z) in the event that a Transferee ceases to be an affiliate of a Selling Shareholder, the Shares transferred to such Transferee shall, prior to such cessation, be transferred back to such Selling Shareholder;

iii. accepting a general offer made to all holders of Shares then in issue (other than Shares held by the person making the offer or its affiliates) on terms which treat all holders of Shares alike, or executing and delivering an irrevocable commitment or undertaking to accept such a general offer (without any further agreement to transfer or dispose of any Shares or any interest therein);

iv. taking up any rights granted in respect of a pre-emptive share offering by the Company in order to sell a sufficient number of its rights in order to acquire the balance of its rights;

v. selling or otherwise disposing of Shares pursuant to any offer by the Company to purchase its own Shares which is made on identical terms to all holders of Shares in the Company;

vi. any disposal by and/or allotment and issue of shares to a Selling Shareholder pursuant to any capital reorganisation in respect of any Shares beneficially owned, held or controlled by such Selling Shareholder, provided that any shares issued to or otherwise acquired by such Selling Shareholder pursuant to such capital reorganisation shall be subject to the lock-up restrictions; or

vii. transferring or otherwise disposing of Shares pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members of any class of them which is agreed to by the creditor or members and (where required) sanctioned by any applicable authority.

Anchor Investors

On 7 February 2023, each of the Anchor Investors entered into an Anchor Investment Agreement with the Company and OQ EP (together, the "Anchor Investment Agreements" and each an "Anchor Investment Agreement").

The Company has received irrevocable commitments from the Anchor Investors (as defined below), subject to the terms contained within the Anchor Investment Agreements (as defined in "Chapter XIX–Subscription and Sale– Anchor Investors"), to subscribe to the Offer at the Maximum Price (as defined below). The following table provides details regarding such subscriptions

Name of Anchor Investor	Number of Shares Subscribed for at the Maximum Price	Subscription Amount at the Maximum Price (OMR)	% of Offer
Saudi Omani Investment Company	**75,479,600**	**18,794,420**	**20%**
Royal Court Affairs	**37,739,800**	**9,397,210**	**10%**
Schlumberger Oman & Co LLC	**37,739,800**	**9,397,210**	**10%**
Total	**150,959,200**	**37,588,840**	**40%**

The Anchor Investment Agreements are subject to certain customary conditions precedent being satisfied, including execution of the Institutional Settlement Agreement by the parties thereto, approval of the Arabic language version of the Prospectus by the CMA and publication of the Prospectus by the Company. The Anchor Investment Agreements will terminate automatically if the Institutional Settlement Agreement is terminated pursuant to its terms, and the Anchor Investment Agreements may be terminated if there is a material breach of a fundamental term thereof, by mutual consent of the parties thereto or if the conditions have not been fulfilled or waived on or before 31 March 2023 or such other date as may be agreed between the Company, OQ EP and the Anchor Investors. The Shares to be acquired by the Anchor Investors will rank pari passu with all other Shares sold in the Offering.

Pursuant to the terms of the Anchor Investment Agreements, each Anchor Investor has agreed, inter alia, that it shall not, for the period from the date of its Anchor Investment Agreement until the date falling 90 days following the date of Admission, offer, sell or contract to sell, transfer or otherwise dispose of, directly or indirectly, or announce an offer of any Shares it has acquired under its Anchor Investment Agreement (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing. Shares purchased in the Offer by an Anchor Investor will be held in such Anchor Investor's account with the MCDC and shall be locked and not tradeable for the duration of the 90 day lock-up period commencing from the date of Admission.

Other Relationships

Subject to the terms and conditions of the Institutional Settlement Agreement, each of the Joint Global Coordinators and the Collection Agents and any affiliate, acting as an investor for its own account, in connection with the Offer, may take up Shares and in that capacity may retain, purchase or sell for its own account such Shares and any related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offer. Accordingly, references in this Prospectus to the Shares being offered or placed should be read as including any offering or placement of Shares to the Joint Global Coordinators and the Collection Agents and any affiliate acting as an investor for its own account.

Moreover, in the course of their business with the Company and with parties affiliated with the Company (including the Selling Shareholders), the Joint Global Coordinators, the Collection Agents and/or their respective affiliates have from time to time been engaged, and may in the future engage, in commercial banking, lending, trading, hedging, investment banking and financial advisory and ancillary activities, for which they have received, and may in the future receive, customary compensation. In respect of the aforementioned, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures or by rules and regulations. As a result of any such transactions, any Joint Global Coordinator or Collection Agent may have interests that may not be aligned, or could potentially conflict, with the interests of holders of Shares or with the interests of the Company or the Selling Shareholders.

None of the Joint Global Coordinators or the Collection Agents intends to disclose the extent of any such investment or transactions otherwise than to the Company and the Selling Shareholders and in accordance with any legal or regulatory obligation to do so. In addition, in connection with the Offer, certain of the Joint Global Coordinators or the Collection Agents may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where securities are used as collateral, that could result in such Joint Global Coordinators or Collection Agents acquiring Shares.

Chapter XX
Bookbuilding Process

Background

Bookbuilding is a method used to determine the share price of an offering, based on actual demand. It is an interactive mechanism by which institutional investors relay indications of demand and price preference to the bookrunners. Bookbuilding is used extensively in other international markets, and has been used within Oman for certain offerings.

The marketing process for this IPO for Category I Investors will be undertaken as a bookbuild process and will be split into two stages: investor education and the Category I Offer Period. The bookbuilding methodology will be used during the Category I Offer Period to determine the Offer Price at which the Shares being offered are allotted to all investors. The Joint Global Coordinators and the Selling Shareholders will use the information received from Category I Investors during the Category I Offer Period to determine the Offer Price, thus balancing demand and price and taking into account market conditions and the market's assessment of the Company's valuation. Further information on each of these stages is provided below:

Stage I—Investor Education

Unlike "fixed price" offerings where there is only one price for the shares offered, it is important to note that this Offer was launched with a Price Range (i.e. a maximum and minimum price per Share for the Company), which will be used to determine the Offer Price through the bookbuild process.

During the investor education stage, the Joint Global Coordinators gathered feedback from potential Category I Investors on their views on the positioning of the Company, its strengths and weaknesses and the valuation of the Company. This was done both through the research analyst reports and directly by the sales force of each Joint Global Coordinator. The Selling Shareholders evaluated the information collected during this stage with the Joint Global Coordinators and the CMA to determine the Price Range.

The assessment typically takes into account the desire to balance the price at which the Shares are sold and a stable positive performance of the stock in the immediate aftermarket and longer-term performance of the Company's Shares in the public markets.

The start of investor education is usually accompanied by a press release from the Company. The press release for the preparation for the IPO was issued on 22 January 2023. The investor education stage for the Offer commenced on 22 January 2023 and ended on 1 February 2023. The Price Range was communicated to the market prior to the launch of the Category I Offer Period and Category II Offer Period and was approved by the CMA.

Stage II—Offer

The Offer has been structured into two parts: a bookbuild portion, targeting Category I Investors and a fixed price offering, targeting Category II Investors. The Category I Offer Period will commence on 20 February 2023 and end on 2 March 2023. The Category II Offer Period will commence on 20 February 2023 and end on 1 March 2023.

Selling Shareholders and Joint Global Coordinators determine the Offer Price

On the closing of the Category I Offer Period, the Joint Global Coordinators and the Selling Shareholders will meet to examine the Application book, highlighting the aggregate demand and the number of Shares demanded at each price within the Price Range, and agree in consultation with the CMA on the Offer Price. This will be based on their qualitative evaluation of the Application book, their experience in dealing with the investors and the expectations of the Selling Shareholders.

The Category II Investor Offer will follow the usual subscription process for a fixed price offering, except that:

- Category II Investors will place their Applications with the Collection Agents based on a fixed price; such fixed price will be the Discounted Maximum Price.
- The allocation to Category II Investors will be at the same price as allocation to Category I Investors. This will be the Offer Price as discovered in the bookbuild offering (as detailed above).
- Any refunds due to Category II Investors will be calculated based on the difference between (i) the Discounted Maximum Price and (ii) the Offer Price less a discount of 10 per cent. The Offer Price will be determined by the outcome of the bookbuild offer.

Allocation process

The allocation of Shares to Category I Investors will be determined by the Selling Shareholders in consultation with the Joint Global Coordinators and the CMA. Factors that may be taken into account by the Joint Global Coordinators and the Selling Shareholders when determining the allocations between prospective Category I Investors in the event of oversubscription may include participation in the marketing process for the Offer, holding behaviour in previous offerings, holdings in similar companies and other factors that the Joint Global Coordinators and the Selling Shareholders may deem relevant.

All Category II Investors will receive pro-rata allocations calculated as a proportion of their subscriptions against the total demand in Category II.

Chapter XXI
Taxation

General

Investors are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence, ordinary residence or domicile, of an investment in the Company and the Shares. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any changes in law that might take effect after such date.

Oman

The statements herein regarding taxation are based on the laws in effect in Oman as at the date of this Prospectus and are subject to any changes of law occurring after such date. The following is a summary only of the material Omani tax consequences of ownership of the Shares by potential investors who are not Oman Tax Residents (as defined below).

The following summary does not purport to be a comprehensive description of all the tax considerations and is not intended to reflect the individual tax position of any owner, which may be relevant to a decision to purchase, own or dispose of the Shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. This summary is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change. Prospective purchasers of the Shares are advised to consult their own tax advisers concerning the overall tax consequences of their acquiring, holding, and disposing of the Shares, including in particular the effect of any local laws.

Withholding Taxes in Oman

Pursuant to Article 52 of the Oman Income Tax Law (promulgated by Royal Decree 28/2009) (the "**Oman Income Tax Law**") (as amended by Royal Decree 09/2017 and by Royal Decree 118/2020, the "**Tax Amendments**"), withholding tax is payable on the following categories of income earned in Oman:

(a) royalties;

(d) consideration for conducting research and development;

(e) consideration for using or the right to use computer programs;

(f) fees in consideration for management or performance of services; and

(g) payment of dividends on shares or interest.

Royal Decree 9/2017 amended the Oman Income Tax Law to include payments to non-resident persons towards "provision for services" as part of the specified payments that are subject to withholding tax. However, there was further clarity required with respect to applicability of withholding tax on services rendered outside Oman and the type of services on which withholding tax would be applicable.

The Tax Decision amending the Executive Regulation issued by the Ministerial Decision No. 30/2012 ("**ER**"), clarified some of the above provisions. The amended ERs define the term "realized in Oman" to mean "whenever the source of such funds is from Oman", which could possibly mean where the payer is located i.e., in Oman, if the payer happens to be a taxpayer in Oman. Further, the ERs have excluded the following seven categories of payments from "payment in considerations of rendering services", for withholding tax purposes:

- conferences, seminars or exhibitions;
- training;
- transport and shipping of goods and insurance thereupon;
- airline tickets and cost of staying abroad;
- board meetings;
- payments for re-insurance; and
- services rendered in relation to any activity or property located outside Oman.

In view of the above exclusions, it would be implied that all other services except the above exclusions, irrespective of the place of rendition are now subject to withholding tax in Oman.

Withholding tax shall not be levied on the gross amount of the aforementioned categories of income paid or credited to the account of any Oman-based "tax residents", as such term is defined under Article 18 (bis) of the Oman Income Tax Law as being: "*...(1) a natural person residing in Oman during a fiscal year, provided that they have been present within Oman for a period for 183 consecutive or non-consecutive days during the fiscal year, (2) a corporate person residing in Oman during the fiscal year, provided that it meets any of the following criteria: (a) that it has been established in Oman as per the laws and Royal Decrees in force therein, or (b) that its main or actual headquarters is located in Oman*" ("**Oman Tax Residents**"). However, withholding tax shall be levied on the gross amount of the aforementioned categories of income paid or credited to the account of any persons who are not Oman Tax Residents in the cases specified in Article 40, read with Article 51, of the Oman Income Tax Law if such persons do not have a permanent establishment in Oman.

Additionally, the Tax Amendments extend the requirement to deduct withholding tax payable pursuant to Article 53bis to any Ministry, authority, public institution or other public juristic person or unit of the administrative apparatus of Oman. The applicable tax rate is 10 per cent. of the gross amount paid or credited to the account of the persons specified above.

Oman-registered institutional investors are Oman Tax Residents and, therefore, will not be subject to Omani withholding tax. However, offshore institutional investors who are not Oman Tax Residents shall be subject to withholding tax, regardless of whether or not they are owned by Oman Tax Residents.

The Capital Market Authority of Oman on 15 May 2019 announced that, on the basis of a Royal directive, withholding tax applicable to dividends and interest on foreign borrowings was to be suspended for a period of three years effective from 6 May 2019 (the "**2019 Tax Suspension**"). The Secretariat General for Taxation (currently, the Oman Tax Authority) subsequently issued an open letter to Ernst and Young on 11 June 2019 confirming the 2019 Tax Suspension. No copy of the aforementioned Royal directive has been available for public inspection.

The 2019 Tax Suspension was extended under the Economic Stimulus Plan ("**ESP**") approved by Oman's Council of Ministers presided by His Majesty Sultan Haitham bin Tarek on 9 March 2021. While this extension was not published by way of a Royal Decree in the Official Gazette of Oman, Omani media outlets reported on 9 March 2021 that the ESP suspension of the application of the withholding tax on dividend distributions and interest amounts had been extended for a period of five years with effect from 2020 (the "**2021 Tax Suspension**"). On 11 January 2023, His Majesty Sultan Haitham bin Tarek issued a further Royal Directive under which it was announced that withholding tax would no longer apply to dividend distributions and interest amounts (the "2023 Royal Directive", and together with the 2019 Tax Suspension and the 2021 Tax Suspension, the "**Tax Suspensions**"). While there has been no official confirmation in the form of a Royal Decree of the 2023 Directive, details were published online by the Omani Ministry of Interior.

As a result of the Tax Suspensions, no withholding tax will be applicable to dividend payments made by the Company to holders of the Shares who are not Oman Tax Residents for as long as the withholding tax suspension under the 2023 Royal Directive is effective.

It is not clear whether fees in consideration for management or performance of services would include any arrangement fee, commitment fee or agency fee. Further, it is also not clear whether these fees would be considered as a service for the purposes of withholding tax. In case, these fees are regarded a management fee or fee for performance of services, the suspension of the withholding tax on interest would not apply to these fees and hence, the same would be subject to withholding tax.

Corporate Income Tax

Tax in Oman is governed by the Oman Income Tax Law and various other Royal Decrees and Ministerial decisions.

Tax is charged on business establishments owned by individuals, companies incorporated in Oman and permanent establishments (registered / unregistered branches) of foreign persons.

While taxpayers engaged in the field of oil exploration are taxed at 55 per cent. of any income derived from the sale of petroleum under the Oman Income Tax Law, the Company is only subject to the normal corporate income tax rate of 15 per cent. of income under the Oman Income Tax Law. In Oman, taxpayers in the oil and gas exploration sector are primarily taxed based on Exploration and Production Sharing Agreements ("**EPSA**") which define the tax rates and other specific provisions related to the tax liabilities of these companies and compliance requirements, etc. EPSA generally override the provisions of the Oman Income Tax Law.

Every taxable entity is required to file a final return of income for every tax year together with the audited financial statements which should be prepared in accordance with the International Financial Reporting Standards.

Oman has entered into a comprehensive double taxation treaty with 35 countries (effective treaties) which include the United Kingdom, France and Spain, among others.

Capital Gains Taxes in Oman

Under the Oman Income Tax Law, gains on the sale or redemption of the Shares by shareholders who are residents or are deemed to have a permanent establishment in Oman will be subject to a tax of 15 per cent. of their annual taxable gain from such sale or redemption, if such income (i) forms part of such shareholder's business profits which are realised in Oman and are recorded as having been realised as such in its financial statements, and (ii) such shareholders are not otherwise exempted under the Oman Income Tax Law. Consequently, any profit or gain realised by a shareholder as a result of the sale of the Shares shall constitute part of the shareholder's taxable income in Oman only where such proceeds are attributable to the shareholder's permanent establishment in Oman and are recorded as such in its financial statements. A shareholder who is neither resident in nor deemed to have permanent establishment in Oman will not be liable for such tax. For the avoidance of doubt, a shareholder will not be deemed to have a permanent establishment in Oman on the sole basis of its ownership of the Shares.

Value Added Tax in Oman

On 12 October 2020, His Majesty Sultan Haitham bin Tarek Al Said issued Royal Decree 121/2020 promulgating the law on value added tax (the "**VAT Law**"). The VAT Law was published in the Official Gazette of Oman on 18 October 2020 and came into effect on 16 April 2021. The VAT Law imposes a value added tax at a base rate of 5 per cent. on most goods and services exported to or imported from Oman. On 4 January 2021, the Oman Tax Authority issued three decisions in relation to the VAT Law, the first of which determines the monetary thresholds for mandatory and voluntary registration, the second provides a list of food items that are zero rated and the third determines a schedule for mandatory tax registration for taxable persons. On 10 March 2021, the Oman Tax Authority issued the executive regulations to the VAT Law. Between March and April 2021, two further decisions (No. 59/2021 and No. 65/2021) were issued in relation to VAT, providing a list of further food items and medical supplies that are zero rated. On 7 July 2021, Royal Decree 50/2021 was issued to ratify the Unified Agreement for Value Added Tax for the States of the Cooperation Council for the Arab States of the Gulf, dated 27 November 2016.

Chapter XXII
Legal Matters

Certain legal matters with respect to the Offer will be passed upon for the Company by MAQ Legal (Al Maamary, Al Abri & Co.) and by Linklaters LLP. Certain legal matters with respect to the Offer will be passed upon for the Joint Global Coordinators and the Collection Agents by Allen & Overy LLP.

Chapter XXIII
Independent Auditors

The current auditors of the Company are KPMG LLC. The financial statements of the Company as at and for the year ended 31 December 2021, included in this Prospectus, have been audited by KPMG LLC, independent auditors, as stated in their reports included elsewhere herein. With respect to the unaudited condensed interim financial information for the nine months ended 30 September 2021 and 2022, included herein, the independent auditors have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, KPMG's separate report for the nine months ended 30 September 2022 and 30 September 2021 included herein states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

Prior to 1 January 2021 the auditors of the Company were Deloitte, whose business address is Minaret Al Qurum Building, Al Qurum Area, Muscat 258, Sultanate of Oman. The Company's financial statements as at and for the year ended 31 December 2020, were audited by Deloitte, independent auditors, as stated in their reports appearing herein.

Chapter XXIV
Historical Financial Statements

Unaudited reviewed interim financial statements as at and for the nine months ended 30 September 2022

ABRAJ ENERGY SERVICES SAOC

UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION FOR NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

Register Office Address:

South Al Ghubra, Bousher,
Muscat Governorate.
P.O Box: 1156
Postal Code: 130
Azaiba
Sultanate of Oman

Principal place of business:

MOD Pension fund Building,
Fourth Floor, Al-Mawaleh,
Sultanate of Oman

ABRAJ ENERGY SERVICES SAOC

CONDENSED INTERIM FINANCIAL INFORMATION
For the nine months period ended 30 September 2022

KPMG

KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

Independent Auditors' Report on Review of Interim Financial Information

To the Shareholders of Abraj Energy Services SAOC

Introduction

We have reviewed the accompanying 30 September 2022 condensed interim financial information of Abraj Energy Services Company SAOC ("the Company"), which comprises:

- the condensed statement of financial position as at 30 September 2022;
- the condensed statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2022;
- the condensed statements of changes in equity for the nine-month period ended 30 September 2022;
- the condensed statements of cash flows for the nine-month period ended 30 September 2022; and
- notes to the interim financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CR No. 1358131

Tax Card No. 8063052

KPMG

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2022 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

8 December 2022

KPMG LLC

KPMG LLC
Children's Public Library Building
4th floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
CR.No: 1358131

CR No. 1358131

Tax Card No. 8063052

ABRAJ ENERGY SERVICES SAOC

2

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT	Notes	30 September 2022 (Unaudited) RO'000	31 December 2021 (Audited) RO'000
ASSETS			
Non-current assets			
Property, plant and equipment	*5*	**197,446**	204,602
Right-of-use assets	*8a*	**4,988**	4,935
Intangible assets	*7*	**205**	250
Deferred expenses - non-current	*15c*	**126**	187
Advances	*9b*	**1,392**	1,972
Total non-current assets		**204,157**	211,946
Current assets			
Trade and other receivables	*9a*	**34,038**	35,532
Advances and prepayments	*9b*	**1,917**	10,312
Deferred expenses - current	*15c*	**96**	191
Inventories	*10*	**18,272**	14,163
Bank term deposits	*11b*	**18,266**	9,958
Cash and cash equivalents	*11a*	**2,562**	7,675
Total current assets		**75,151**	77,831
Total assets		**279,308**	289,777
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	*12*	**77,020**	77,020
Legal reserve	*13*	**8,868**	7,410
Retained earnings		**56,798**	49,196
Total equity		**142,686**	133,626
Non-current liabilities			
Term loans – non-current portion	*14a*	**78,545**	87,644
Deferred income	*15a*	**2,048**	2,137
Deferred tax liabilities	*23*	**4,434**	4,209
Employees' end of services benefits	*16*	**1,915**	1,854
Lease liabilities - non-current portion	*8b*	**3,550**	3,195
Total non-current liabilities		**90,492**	99,039
Current liabilities			
Term loans - current portion	*14a*	**19,006**	15,330
Lease liabilities - current	*8b*	**1,672**	1,944
Trade payables	*17a*	**9,677**	24,763
Other payables	*17b*	**12,703**	9,779
Deferred income	*15a*	**849**	1,024
Deferred payment obligation	*15b*	**322**	1,038
Income tax payable	*23*	**1,901**	3,234
Total current liabilities		**46,130**	57,112
Total liabilities		**136,622**	156,151
Total equity and liabilities		**279,308**	289,777

These condensed interim financial information were approved and authorized for issue by the Board of Directors on 20th November 2022 and signed on their behalf by:

CFO **CEO** **Chairman**

The notes on pages 6 to 32 form an integral part of these condensed interim financial information.
The independent auditors' review report is set forth on page 1a – 1b.

ABRAJ ENERGY SERVICES SAOC

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER (UNAUDITED)

	Notes	(Unaudited)			
		Three months ended 30 Sep		Nine months ended 30 Sep	
		2022	2021	**2022**	2021
		RO'000	RO'000	**RO'000**	RO'000
Revenue from contracts with customers	*18*	**34,166**	34,095	**102,361**	90,938
Cost of sales	*19*	**(25,969)**	(23,389)	**(75,785)**	(66,102)
Gross profit		**8,197**	10,706	**26,576**	24,836
General and administrative expenses	*20a*	**(1,539)**	(189)	**(4,529)**	(2,973)
Other expenses	*21a*	**(329)**	(846)	**(962)**	(729)
Other income	*21b*	**-**	-	**83**	-
Expected credit loss (charge)/reversal on trade receivables	*9a*	**(10)**	39	**(48)**	49
Impairment charge on non-financial assets	*5*	**-**	-	**-**	(233)
Operating profit		**6,319**	9710	**21,120**	20,950
Finance costs	*22*	**(1,726)**	(1,285)	**(4,559)**	(3,471)
Finance income	*22*	**151**	98	**389**	194
Profit before tax		**4,744**	8,523	**16,950**	17,673
Taxation	*23*	**(527)**	(1,313)	**(2,366)**	(3,131)
Profit for the period		**4,217**	7,210	**14,584**	14,542
Other comprehensive income for the period		**-**	-	**-**	-
Total comprehensive income for the period		**4,217**	7,210	**14,584**	14,542
Earnings per share					
Basic and diluted earnings per share-RO	*32*	**0.055**	0.094	**0.189**	0.189

The notes on pages 6 to 32 form an integral part of these condensed interim financial information.
The independent auditors' review report is set forth on page 1a – 1b.

ABRAJ ENERGY SERVICES SAOC

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Share capital RO'000	Legal reserve RO'000	Retained earnings RO'000	Total RO'000
At 31 December 2021 (Audited)	**77,020**	**7,410**	**49,196**	**133,626**
Profit and total comprehensive income for the period (Unaudited)	**-**	**-**	**14,584**	**14,584**
Transfer to legal reserve	**-**	**1,458**	**(1,458)**	**-**
Dividend (note 12)	**-**	**-**	**(5,524)**	**(5,524)**
At 30 September 2022 (Unaudited)	**77,020**	**8,868**	**56,798**	**142,686**
At 31 December 2020 (Audited)	77,020	5,569	36,007	118,596
Profit and total comprehensive income for the period (Unaudited)	-	-	14,542	14,542
Transfer to legal reserve	-	1,454	(1,454)	-
Dividend (note 12)	-	-	(3,383)	(3,383)
At 30 September 2021 (Unaudited)	77,020	7,023	45,712	129,755

The notes on pages 6 to 32 form an integral part of these condensed interim financial information.
The independent auditors' review report is set forth on page 1a – 1b.

ABRAJ ENERGY SERVICES SAOC

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER (UNAUDITED)

	Notes	2022 RO'000	2021 RO'000
Operating activities			
Profit before taxation		16,950	17,674
Adjustments for:			
Depreciation and amortisation	5	16,320	14,634
Impairment of fixed assets	5	-	233
Deferred income recognized during the period	15	(1,961)	(1,450)
Deferred payment obligation	15	(716)	(690)
Loss on disposal and write-off of property, plant & equipment	21a	962	729
Deferred expenses	15	156	204
Interest expense	22	4,559	3,471
Interest income	22	(389)	(194)
Employees' end of service charges	16	257	217
Expected credit loss impairment	9	48	(49)
Lease adjustment	8	(4)	-
Operating cash flows before working capital changes		36,182	34,779
Working capital changes:			
Inventories		(4,109)	(1,509)
Trade and other receivables		1,138	(12,995)
Trade and other payables		(17,686)	2,412
Advances and prepayments		8,395	(208)
Cash flows from operating activities		23,920	22,479
Income tax payments		(3,474)	(2,326)
Employees' end of service benefits paid	16	(196)	(101)
Net cash generated from operating activities		20,250	20,052
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(7,647)	(28,086)
Purchase of intangible asset		(3)	(77)
Proceeds from disposal of property, plant and equipment		20	344
Bank term deposit additions		(19,465)	(1,566)
Bank term deposit utilization		11,465	-
Deferred income received		1,697	2,743
Interest received		389	194
Net cash used in investing activities		(13,544)	(26,448)
Cash flows from financing activities			
Disbursement of loans	31	34,616	20,202
Repayment of loans	31	(40,039)	(9,360)
Interest paid	22	(4,318)	(3,224)
Payment of lease liabilities	31	(2,078)	(1,688)
Net cash generated from / (used in) financing activities		(11,819)	5,930
Net change in cash and cash equivalents		(5,113)	(466)
Cash and cash equivalents at beginning of the period (Audited)		7,675	2,392
Cash and cash equivalents at end of the period (Unaudited)	11	2,562	1,926

The notes on pages 6 to 32 form an integral part of these condensed interim financial information.
The independent auditors' review report is set forth on page 1a – 1b.

Notes to the condensed interim financial information
For the Nine months period ended 31 September 2022 (Unaudited) *(continued)*

1 **Legal status and principal activities.**

Abraj Energy Services SAOC (the "Company") is a closed joint stock company registered in the Sultanate of Oman. The Company was incorporated on 24 May 2006 and commenced its commercial operations on 4 March 2007. The Company is a subsidiary of OQ Exploration and Production LLC (the "Parent"), a limited liability company incorporated in Sultanate of Oman. The ultimate controlling party is Oman Investment Authority (the "Ultimate Parent"), the investment arm of the Government of Sultanate of Oman..

The registered address of the Company is P O Box 1156, Postal Code 130, Azaiba, Sultanate of Oman.

The principal activity of the Company is to provide Oilfield Services which mainly includes services such as onshore drilling, workover, flowback, well testing, well intervention, cementing, fracturing, coil tubing, integrated project management, drilling fluids services and training services.

2 **Application and adoption of new and revised International Financial Reporting Standards (IFRS)**

a) New and amended standards adopted by the Company

The following revised new and amended standards have been adopted in the condensed interim financial information.

- COVID-19-Related Rent Concession beyond 30 June 2021 *(Amendment to IFRS 16)*
- Onerous Contracts – Cost of Fulfilling Contact *(Amendment to IAS 37)*
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant & Equipment: Proceeds before Intended Use *(Amendment to IAS 16)*
- Reference to the Conceptual Framework *(Amendment to IFRS 3)*

There has been no material impact on the condensed interim financial information of the Company upon adoption of the above new amended standards.

b) New and amended standards not effective and not yet adopted by the Company

At the date of the condensed interim financial information, the following other standards amendments and Interrelations have not been effective and have not been early adopted by the Company:

New and amended standards not effective and not yet adopted by the Effective Date Company	**Effective Date**
IFRS 17 Insurance Contacts	1 January 2023
Amendments to IFRS 17	1 January 2023
Classification of Liabilities as current or non-current *(Amendment to IAS 1)*	1 January 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction *(Amendments to IAS 12)*	1 January 2023
Disclosure of accounting Policies *(Amendments to IAS 1 and IFRS Practice Statement 2)*	1 January 2023
Definition of Accounting Estimate *(Amendments to IAS 8)*	1 January 2023

These new and amended standards are not expected to have a significant impact on the Company's condensed interim financial information.

c) Adoption of IFRS 8 – Operating segments

Segmental reporting

During the period ended 30 September 2022, the Company has adopted IFRS 8 – Operating Segments. An operating segment is a component of the Company that engages in business activities from which

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For the Nine months period ended 31 September 2022 (Unaudited) *(continued)*

2 Application and adoption of new and revised International Financial Reporting Standards (IFRS) *(continued)*

c) Adoption of IFRS 8 – Operating segments *(continued)*

the Chief Operating Decision Makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company's operating segments are established on the basis of those components of the Company that is evaluated regularly by the Chief Operating Decision Makers, in deciding how to allocate resources and in assessing performance.

The accounting policies of the operating segments are the same as the Company's accounting policies described in this note, and IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the Chief Operating Decision Makers. For further information see note 26.

3 Summary of significant accounting policies

Basis of preparation and statement of compliance

These condensed interim financial information for the period ended 30 September 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2021 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The preparation of condensed interim financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

The Company makes estimates and assumptions concerning the future. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed interim financial information are disclosed in note 4.

The condensed interim financial information have been presented in Rial Omani ("RO") which is the functional and presentation currency and the currency of the country in which all the operations of the Company are carried out, rounded off to the nearest thousand.

Significant accounting policies

The accounting policies applied in these condensed interim financial information are the same as those applied in the financial statements as at and for the year ended 31 December 2021 other than those mentioned above under note 2(c).

The policy for recognising and measuring income taxes in the interim period is consistent with that applied in the last annual financial statements and is described in note 23.

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Notes to the condensed interim financial information
For the Nine months period ended 31 September 2022 (Unaudited) *(continued)*

4. Significant accounting judgements, estimates and assumptions

The presentation of condensed interim financial information, in conformity with IFRS, requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditures. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Measurement of fair values

A number of the Company's accounting policies require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the finance director.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the company audit committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 30.

Notes to the condensed interim financial information
For the period ended 30 September 2022 (Unaudited) *(continued)*

5 Property, plant and equipment

	Rigs and well services equipment	Furniture and fixtures	Office and computer equipment	Motor vehicles	Building	Capital work in progress (note 6)	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Cost							
At 31 December 2020 (Audited)	289,508	904	1,772	2,605	3,447	4,098	302,334
Additions during the year	1,589	16	110	-	-	64,327	66,042
Transfer from capital work-in-progress (note 6)	47,723	115	31	-	331	(48,200)	-
Disposals	(2,309)	-	-	-	-	-	(2,309)
At 31 December 2021 (Audited)	336,511	1,035	1,913	2,605	3,778	20,225	366,067
At 31 December 2020 (Audited)	289,508	904	1,772	2,605	3,447	4,098	302,334
Additions during the period	1,168	7	100	-	-	46,235	47,510
Transfer from capital work-in-progress (note 6)	43,687	47	9	-	-	(43,743)	-
Disposals	(1,753)	-	-	-	-	-	(1,753)
At 30 September 2021 (Unaudited)	332,610	958	1,881	2,605	3,447	6,590	348,091
At 31 December 2021 (Audited)	**336,511**	**1,035**	**1,913**	**2,605**	**3,778**	**20,225**	**366,067**
Additions during the period	**1,893**	**5**	**34**	-	-	**6,295**	**8,227**
Transfer from capital work-in-progress (note 6)	**23,660**	**47**	**16**	-	-	**(23,723)**	-
Disposals	**(3,653)**	**(1)**	**(908)**	**(343)**	-	-	**(4,905)**
At 30 September 2022 (Unaudited)	**358,411**	**1,086**	**1,055**	**2,262**	**3,778**	**2,797**	**369,389**

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For the period ended 30 September 2022 (Unaudited) *(continued)*

5 Property, plant and equipment *(continued)*

	Rigs and well services equipment*	Furniture and fixtures	Office and computer equipment	Motor vehicles	Building	Capital work in progress (note 6)	Total
	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000	RO'000
Depreciation and impairment							
31 December 2020 (Audited)	139,895	838	1,431	1,961	465	-	144,590
Depreciation charge for the year	17,114	35	195	124	140	-	17,608
Impairment during the year	636	-	-	-	-	-	636
Disposals	(1,369)	-	-	-	-		(1,369)
31 December 2021 (Audited)	156,276	873	1,626	2,085	605	-	161,465
31 December 2020 (Audited)	139,895	838	1,431	1,961	465	-	144,590
Depreciation charge for the period	12,725	21	140	93	105	-	13,084
Impairment	233	-	-	-	-	-	233
Disposals	(680)	-	-	-	-	-	(680)
At 30 September 2021 (Unaudited)	152,173	859	1,571	2,054	570	-	157,227
31 December 2021 (Audited)	**156,276**	**873**	**1,626**	**2,085**	**605**	-	**161,465**
Depreciation charge for the period	**14,047**	**39**	**113**	**88**	**114**	-	**14,401**
Disposals	**(2,687)**	**(1)**	**(908)**	**(327)**	-	-	**(3,923)**
At 30 September 2022 (Unaudited)	**167,636**	**911**	**831**	**1,846**	**719**	-	**171,943**
Net carrying value							
At 30 September 2022 (Unaudited)	**190,775**	**175**	**224**	**416**	**3,059**	**2,797**	**197,446**
At 30 September 2021 (Unaudited)	180,437	99	310	551	2,877	6,590	190,864
At 31 December 2021 (Audited)	180,235	162	287	520	3,173	20,225	204,602

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

5 Property and equipment *(continued)*

Details of depreciation and amortization is as below:

	(Unaudited)			
	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	**2022**	2021
	RO'000	RO'000	**RO'000**	RO'000
Depreciation	**4,830**	4,689	**14,401**	13,084
Amortisation of intangible assets (note 7)	**16**	16	**48**	41
Amortisation of right-of-use assets (note 8a)	**638**	504	**1,871**	1,509
Depreciation and amortization	**5,484**	5,209	**16,320**	14,634

The total depreciation and amortization charge for the year is allocated as follows:

Cost of sales (note 19)	**5,399**	5,105	**16,047**	14,333
General and administrative expenses (note 20)	**85**	104	**273**	301
	5,484	5,209	**16,320**	14,634

*Rigs and well services equipment have a negative pledge against the term loan facilities with commercial banks mentioned in note 14.

Impairment assessment:

During the period, the Company has carried out an impairment analysis on all the cash generating units (CGU) for potential impairment and no additional impairment/reversal of impairment was identified as part of impairment testing.

6 Capital work-in-progress

	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)	31 December 2021 (Audited)
	RO'000	RO'000	RO'000
Rigs and other service line assets not commissioned	**419**	4,200	17,674
Assets under major overhauling	**1,441**	2,276	2,338
Building under construction	**937**	114	213
	2,797	6,590	20,225
The movement in capital work in progress is as follows:			
At 1 January	**20,225**	4,098	4,098
Additions during the period/year	**6,295**	46,235	64,327
Transfer to property, plant and equipment(note 5)	**(23,723)**	(43,743)	(48,200)
	2,797	6,590	20,225

During the period, the Company recognised finance cost of RO 2.7 thousand (for period ended 30 September 2021: RO 445.6 thousand, year ended 31 Dec 2021: RO 602.7 thousand) in the cost of the capital work-in-progress of qualifying assets.

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

7 Intangible assets

	30 September 2022 (Unaudited) RO'000	30 September 2021 (Unaudited) RO'000	31 December 2021 (Audited) RO'000
Cost			
At beginning of the period /year	**2,414**	2,271	2,271
Additions during the period /year	**3**	77	143
Write off	**(1,782)**	-	-
At end of the period /year	**635**	2,348	2,414
Amortization			
At beginning of the period /year	**2,164**	2,101	2,101
Charge for the period /year (note 5)	**48**	41	63
Write off	**(1,782)**	-	-
At end of the period /year	**430**	2,142	2,164
Net carrying value at end of the period /year	**205**	206	250

Intangible assets consist of computers software.

8a Right-of-use assets

	Building RO'000	Land RO'000	Equipment RO'000	Vehicles RO'000	Total RO'000
At 1 January 2021(Audited)	127	98	350	5,361	5,936
Addition	323	25	-	1,256	1,604
Terminations and related adjustments	-	-	-	(167)	(167)
Impact of lease modification	-	-	-	(123)	(123)
Less: Amortisation	(235)	(80)	(119)	(1,881)	(2,315)
At 1 January 2022 (Audited)	**215**	**43**	**231**	**4,446**	**4,935**
Addition	**194**	**35**	**206**	**1,594**	**2,029**
Terminations and related adjustments	**(71)**	**(21)**	**(218)**	**(204)**	**(514)**
Impact of lease modification	**12**	**107**	-	**290**	**409**
Less: Amortisation	**(185)**	**(49)**	**(85)**	**(1,552)**	**(1,871)**
At 30 September 2022 (Unaudited)	**165**	**115**	**134**	**4,574**	**4,988**

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

8b Lease liabilities

	30 September 2022 (Unaudited) RO'000	31 December 2021 (Audited) RO'000
Lease liabilities	**5,222**	5,139
Current portion	**1,672**	1,944
Non-current portion	**3,550**	3,195
	5,222	5,139
At beginning of the period/year	**5,139**	6,052
Addition	**2,029**	1,604
Terminations and related adjustments	**(532)**	(174)
Re-measurement of lease liabilities	**423**	(123)
Add: interest cost (note 22)	**241**	352
Less: payments during the period/year	**(2,078)**	(2,572)
At end of the period/year	**5,222**	5,139

The Company lease several assets including buildings, equipment and vehicles. The average lease term is 5 to 8 years (2021: 5 to 8 years). During the period, certain contracts were modified. This resulted in the re-measurement of lease liabilities increased by RO 423 thousand (2021: reduced by RO 123 thousand). The corresponding adjustment was made to right-of-use assets. Incremental borrowing rate used for the period is 5.5% p.a (2021: 5.5% p.a)

Amounts recognised in profit and loss	30 September 2022 (Unaudited) RO'000	31 December 2021 (Audited) RO'000
Amortization expense on right-of-use assets	**1,871**	2,315
Interest expense on lease liabilities	**241**	352
Expense relating to short-term leases	**4**	7
	2,116	2,674

9a Trade and other receivables

Trade receivables from non - related parties	**27,986**	32,252
Trade receivable from a related party (note 24)	**6,180**	3,360
Less: allowance for expected credit losses	**(164)**	(116)
	34,002	35,496
Deposits	**7**	7
Insurance claims receivable	**29**	29
	34,038	35,532

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

9a Trade and other receivables (Continued)

The ageing of trade receivables and receivable from related parties at the reporting date was:

	Gross 30 September 2022 RO'000	Impairment 30 September 2022 RO'000	Gross 31 December 2021 RO'000	Impairment 31 December 2021 RO'000
Not past due	31,339	-	32,005	-
Past due 1-90 days	2,393	-	2,742	-
Past due 91-180 days	28	-	561	-
Past due 181-270 days	40	-	35	-
Past due 271-360 days	301	99	232	79
More than one year	65	65	37	37
	34,166	164	35,612	116

Movement in the allowance for impaired debt is as follows:

	30 September 2022 (Unaudited) RO'000	31 December 2021 (Audited) RO'000
Balance as at 1 January	116	222
Add: charge for the year	48	(13)
Less: write back during the year	-	(93)
Balance as at period/year end	164	116

At the period end, total trade receivables as mentioned above are assigned in favour of commercial banks under the terms of the Facility (note 14).

The Company has concentration of credit risk with respect to trade debtors and, at the reporting date 91% (31 December 2021: 90%) of trade receivables are due from four customers. These are reputed customers with good track record of payments and the Company monitors the receivable position on a regular basis. Out of the above mentioned four customer, two are government companies which accounts for 69% (31 December 2021: 62%)

9b Advance and prepayments

	30 September 2022 (Unaudited) RO'000	31 December 2021 (Audited) RO'000
Advance to suppliers	2,488	11,247
Advance to employees	-	1
Prepayments	806	1,036
Other receivables	15	-
Balance as at period/year end	3,309	12,284
Non-current portion	1,392	1,972
Current portion	1,917	10,312
	3,309	12,284

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

10 Inventories

Stores, spares and consumables	**19,004**	14,895
Provision for inventory	**(732)**	(732)
Balance as at period/year end	**18,272**	14,163

Movement in the provision for inventory is as follows:

Balance as at 1 January	**732**	-
Charge for the period/year	-	732
Balance as at period/year end	**732**	732

During the period, the Company has carried out an impairment analysis and no additional impairment/reversal of impairment was identified as part of impairment testing.

11a Cash and cash equivalents

	30 September 2022 (Unaudited) RO'000	31 December 2021 (Audited) RO'000
Cash on hand	**56**	70
Cash at bank (current accounts)	**2,506**	7,605
Total cash and bank equivalents	**2,562**	7,675

11b Bank term deposit

Bank term deposit	**18,266**	9,958

Bank term deposit consists of fixed deposits denominated in Rial Omani and carry annual effective interest rate of between 3.80% to 4.50% p.a. (31 December 2021 – 3.80% to 4.50% p.a.). These term deposits are with maturity of 12 to 24 months at the end of the reporting period. However, the Company has the flexibility to liquidate the fixed deposits before the scheduled maturity dates with no penalty or charges and are expected to be liquidated within 12 months, hence have been classified under current assets.

12 Share capital

	30 September 2022 (Unaudited) RO'000	31 December 2021 (Audited) RO'000
Share capital		
Authorised share capital		
200,000,000 (2021:200,000,000) shares of RO 1 each	**200,000**	200,000
Issued and paid up share capital		
77,020,000 (2021: 77,020,000) shares of RO 1 each	**77,020**	77,020

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

12 Share capital *(continued)*

Approved dividend

In the Annual General Meeting held in March 2022, the shareholders approved dividend of 71.70 baisa per share amounting to RO 5,523,900 for the year 2021 representing 30% of profit after tax. (dividend of 43.92 baisa per share amounting to RO 3,382,500 for the year 2020 representing 30% profit after tax).

13 Legal reserve

Under the article 134 of the Commercial Companies Law, requires that 10% of the Company's profit be transferred to a non-distributable legal reserve until the amount of legal reserve becomes equal to one-third of the Company's share capital. This reserve is not available for distribution.

14a Term loans

	Maturity	30 September 2022 (Unaudited) RO'000	31 December 2021 (Audited) RO'000
Total			
Term loan I [note 14 (a)]	Closed	-	17,622
Term loan II [note 14 (b)]	December 2025	22,711	25,956
Term loan III [note 14 (c)]	December 2025	7,931	8,529
Term loan IV [note 14 (d)]	December 2029	32,021	35,923
Term loan V [note 14 (e)]	December 2029	19,487	14,944
Term loan VI [note 14 (f)]	November 2029	15,401	-
		97,551	102,974
Non-current portion			
Long term loan I	Closed	-	14,685
Long term loan II	December 2025	17,304	21,630
Long term loan III	December 2025	6,651	7,419
Long term loan IV	December 2029	27,277	30,835
Long Term loan V	December 2029	15,582	13,075
Long Term loan VI	December 2029	11,731	-
		78,545	87,644
Current portion			
Long term loan I	Closed	-	2,937
Long term loan II	December 2025	5,407	4,326
Long term loan III	December 2025	1,280	1,110
Long term loan IV	June 2029	4,744	5,088
Long Term loan V	December 2029	3,905	1,869
Long Term loan VI	November 2029	3,670	-
		19,006	15,330

(a) Term loan I

The term loan is fully repaid in March 2022.

(b) Term loan II

The term loan is denominated in Omani Rials the term loan is repayable in 20 quarterly installments. The last instalment is repayable in December 2025. Interest on the term loan is payable at Central Bank of Oman's weighted average interest rate on Deposit (WAIRD) for private sector OMR time deposits Plus fixed margin.

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

14a Term loans *(continued)*

(c) Term loan III

The term loan is denominated in Omani Rials and 60% of the term loan is repayable in 27 quarterly instalments of RO 255,822 each. The 28th final instalment of RO 4.6 million, representing 40% of term loan, is repayable in year 2025. Interest on the term loan is payable on quarterly basis and the interest rates are reset on annual review basis.

(d) Term loan IV

The term loan is denominated in US Dollars. Principal term loan repayment are in eight years as 32 equal quarterly instalments. First repayment commenced on three months after the availability period (30 September 2021). The final maturity of the Facility will be 30 June 2029. Interest on the term loan is payable at 3 months LIBOR plus fixed margin.

(e) Term loan V

In 2021, the Company has availed the term loan which is denominated in USD to finance the new projects for the purchase of two Rigs and other company assets. The full drawdown will be completed by December 2022. The repayments have commenced in March 2022. The final maturity of the loan will be on December 2029. Interest on the term loan is payable at 3 months LIBOR plus fixed margin. As of 30 September 2022, un-utilised amount of facility is RO 3.94 Mn (USD 10.26Mn).

(f) Term loan VI

New term loan acquired during March 2022. The term loan is repaid in 15 quarterly installments. The last instalment is repayable in November 2025. Interest on the term loan is payable at SOFR plus fixed margin.

Security terms for the above loans

Securities for the loans are as follows:
- Clean loan with no charge on the assets financed.
- Assignment of revenues for the assets financed from the clients to the commercial bank (note 9)
- Negative lien over the assets financed through management undertaking to the commercial bank (note 5).
- Letter of Awareness from the Shareholders
- There is no breach on any of the covenants of the company bankers' facilities documents.

14b Short term loan

During the period, the Company obtained short term loan from a local commercial bank. The tenure of the loan is 1 month only. The loan is secured against a negative lien over a portion of FD fixed deposit (note 11b) of RO 11,465,300. The loan has been fully repaid as of June 2022.

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

15a Deferred income

Deferred income is set out below:

	30 September 2022 (Unaudited) RO'000	31 December 2021 (Audited) RO'000
Deferred income	**2,897**	3,161
Current portion	**849**	1,024
Non-current portion	**2,048**	2,137
	2,897	3,161
At 1 January	**3,161**	1,960
Add: income received during the year	**1,697**	3,401
Less: income recognised during the year	**(1,961)**	(2,200)
Balance as at period/year end	**2,897**	3,161

In line with the Company's accounting policy, mobilization income is accounted over the contract period and accordingly the revenue pertaining to future period is deferred.

15b Deferred payment obligation

An analysis of deferred payment obligation is set out below:

	30 September 2022 (Unaudited) RO'000	31 December 2021 (Audited) RO'000
Deferred payment obligation	**322**	1,038
Current portion	**322**	1,038
Non-current portion	**-**	-
	322	1,038
At 1 January	**1,038**	1,992
Add: unwinding of interest cost (note 22)	**-**	55
Less: payments during the year	**(716)**	(1,009)
Balance as at end of period/year	**322**	1,038

The Company has assessed its import permits for temporary import of rigs / other assets and possibility of re-export of these assets out of Oman upon completion of the relevant contract. In line with the market assessment carried out, the Company has determined that it might not be possible for it to re-export the assets imported on temporary permits to other countries or free zone area. In view of this, the Company made provision for custom duty payable upon expiry of the relevant contracts. The amount payable was discounted to the present value at the rate of 4.8%p.a (for Dec 2021: 4.8% p.a) and was capitalized to the individual assets imported. Depreciation on amount capitalized was charged over the useful lives of these assets.

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

15c Deferred expenses

An analysis of deferred expense is set out below:

	30 September 2022 (Unaudited) RO'000	31 December 2021 (Audited) RO'000
Deferred expenses	222	378
Current portion	96	191
Non-current portion	126	187
	222	378
At 1 January	378	600
Add: cost incurred during the year	94	66
Less: cost accounted during the year	(250)	(288)
Balance as at end of period/year	222	378

16 Employees' end of service benefits

At 1 January	1,854	1,694
Add: cost incurred during the period/year	257	283
Less: payments made during the period/year	(196)	(123)
Balance as at end of period/year	1,915	1,854

17a Trade payables

Payables for acquisition of assets	5,723	16,622
Trade payables	3,954	8,141
	9,677	24,763

17b Other payables

	30 September 2022 (Unaudited) RO'000	31 December 2021 (Audited) RO'000
Other accrued expenses	6,747	3,235
Leave encashment payable	3,413	3,057
Performance bonus payable	1,153	2,226
Due to a related party (note 24)	1,261	1,045
Accrued interest	129	111
Employee payable	-	64
Other payable	-	41
	12,703	9,779

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

18 Revenue

	(Unaudited) Three months ended 30 September 2022 RO'000	2021 RO'000	Nine months ended 30 September 2022 RO'000	2021 RO'000
Revenue from contracts with customers				
Disaggregation of revenue:				
Revenue recognized over time:				
Contract revenue - other services	**27,020**	28,369	**81,513**	74,055
Revenue recognized point in time:				
Contract revenue - product	**1,800**	534	**4,901**	2,394
	28,820	28,903	**86,414**	76,449
Other revenue				
Leased operating assets	**5,346**	5,192	**15,947**	14,489
Total revenue	**34,166**	34,095	**102,361**	90,938

All revenues are in the domestic Oman market.

19 Cost of sales

	(Unaudited) Three months ended 30 September 2022 RO'000	2021 RO'000	Nine months ended 30 September 2022 RO'000	2021 RO'000
Employee related cost (note 20b)	**10,788**	10,450	**32,843**	29,767
Depreciation and amortization (note 5)	**5,399**	5,105	**16,047**	14,333
Materials and spares consumed	**5,454**	4,087	**14,354**	11,116
Transportation	**1,497**	1,485	**4,438**	4,280
Camp cost	**817**	744	**2,326**	2,048
Miscellaneous	**175**	60	**266**	155
Equipment rentals	**430**	206	**1,061**	872
Repairs and maintenance	**466**	316	**1,334**	823
Mobilization / demobilization expenses	**37**	54	**446**	206
Inspection	**219**	166	**655**	638
Back chargeable charges	**109**	317	**488**	614
Insurance	**191**	188	**581**	523
Vehicle running	**104**	51	**291**	229
Vehicle rentals	**58**	29	**147**	97
Communication	**149**	56	**283**	152
Water and electricity	**44**	49	**145**	121
Business travel	**32**	26	**80**	128
	25,969	23,389	**75,785**	66,102

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

20a General and administrative expenses

	(Unaudited)			
	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	**2022**	2021
	RO'000	RO'000	**RO'000**	RO'000
Employee related costs (note 20b)	**1,264**	-	**3,656**	2,116
Depreciation and amortization (note 5)	**85**	104	**273**	301
Advertisement and sales promotion	**22**	4	**82**	12
Legal and professional	**7**	-	**60**	171
Directors - other remuneration (note 24)	**20**	-	**58**	58
Directors - sitting fees (note 24)	**11**	4	**28**	13
Consumables and materials consumed	**3**	4	**17**	21
Water and electricity	**8**	13	**19**	22
Subscription and membership	**1**	4	**6**	4
Vehicle rentals	**5**	2	**15**	7
Communication	**4**	4	**10**	21
Business Travel	**7**	1	**15**	-
Vehicle running	**2**	2	**7**	7
Insurance	**3**	7	**9**	14
Printing and stationary	**2**	3	**6**	5
Miscellaneous	**10**	14	**14**	5
Rent	**-**	15	**-**	46
Repairs and maintenance	**85**	8	**254**	149
	1,539	189	**4,529**	2,973

20b Employee related costs
The employee cost consist the following:

	(Unaudited)			
	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	**2022**	2021
	RO'000	RO'000	**RO'000**	RO'000
Wages and salaries	**9,192**	8,496	**27,314**	24,431
Performance bonus	**309**	268	**928**	776
Others	**2,551**	1,686	**8,257**	6,676
	12,052	10,450	**36,499**	31,883

21a Other expenses

	(Unaudited)			
	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	**2022**	2021
	RO'000	RO'000	**RO'000**	RO'000
Loss on disposal and write-off of property, plant and equipment	**329**	846	**962**	729
	329	846	**962**	729

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

21b Other income

	(Unaudited)			
	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	RO'000	RO'000	RO'000	RO'000
Miscellaneous income	-	-	83	-
	-	-	83	-

22 Finance costs and finance income

An analysis of finance cost is set out below:

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	RO'000	RO'000	RO'000	RO'000
Interest on loans	1,469	1,171	4,021	2,948
Unwinding of interest on deferred payment obligation (note 15b)	-	-	-	-
Bank charges / exchange fluctuations	176	44	297	276
Interest on lease liabilities (note 8b)	81	70	241	247
	1,726	1,285	4,559	3,471
An analysis of finance income is set out below:				
Interest income on fixed deposits	113	96	317	188
Interest income on call accounts	25	2	4	6
Exchange rate gain A/C	13	-	68	-
	151	98	389	194

23 Taxation

Income tax expense is recognised at an amount determined by multiplying the profit before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the condensed interim financial information may differ from management's estimate of the effective tax rate for the annual financial statements.

The Company's effective tax rate for the nine months ended 30 September 2022 was 14% (nine months ended 30 September 2021: 17.8%).

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

23 Income tax *(continued)*

Recognized in profit or loss:

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	**2022**	2021
	RO'000	RO'000	**RO'000**	RO'000
Statement of profit or loss:				
Current tax:				
Current year	**652**	1,247	**2,354**	2,810
Prior Year	**-**	175	**237**	50
Deferred tax				
Current year	**(125)**	(109)	**(225)**	271
	527	1,313	**2,366**	3,131

The Company is subject to income tax at the rate of 15% of taxable profits.

The following is a reconciliation of income taxes calculated at the applicable tax rate with the income tax expenses:

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	**2022**	2021
	RO'000	RO'000	**RO'000**	RO'000
Reconciliation				
Profit before tax	**4,744**	8,523	**16,950**	17,673
Income tax as per rates mentioned above	**711**	1,275	**2,542**	2,651
Non-deductible expenses	**(184)**	(140)	**(413)**	430
Prior year adjustment- current tax	**-**	175	**237**	50
Tax expense for the year	**527**	1,313	**2,366**	3,131
Current tax payable				
Current tax payable	**1,901**	3,358	**1,901**	3,358

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

23 Income tax *(continued)*

The deferred tax (liability) / asset comprises the following temporary differences:

2022 (Unaudited)	**As at 1 January RO'000**	**(Charge) / reversal to profit or loss RO'000**	**As at 30 September RO'000**
Property, plant and equipment	**(4,830)**	**(113)**	**(4,943)**
Deferred payment obligation	**40**	**(108)**	**(68)**
Unwinding of interest on deferred payments	**116**	**-**	**116**
Provision for impairment of receivables	**17**	**7**	**24**
Deferred income	**474**	**(39)**	**435**
Deferred expenses	**(57)**	**24**	**(33)**
Right-of-use assets and lease liabilities	**31**	**4**	**35**
Net deferred tax (liabilities) / assets	**(4,209)**	**(225)**	**(4,434)**

2021 (Audited)	As at 1 January RO'000	(Charge) / reversal to profit or loss RO'000	As at 31 December RO'000
Property, plant and equipment	(4,940)	110	(4,830)
Deferred payment obligation	191	(151)	40
Unwinding of interest on deferred payments	108	8	116
Provision for impairment	33	(16)	17
Deferred income	294	180	474
Deferred expenses	(90)	33	(57)
Right-of-use assets and lease liabilities	18	13	31
Net deferred tax (liabilities) / assets	(4,386)	177	(4,209)

The tax returns of the Company up to the years 2017 has been agreed with the Secretariat General for Taxation at the Ministry of Finance and there is no additional demand.

The Board of Directors are of the opinion that additional taxes, if any, related to the open tax years would not be significant to the Company's financial position as at 30 September 2022.

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

24 Related party transactions and balances

The Company has entered into transactions with shareholders and entities over which shareholders have the ability to control or exercise significant influence in financials and operating decisions. The transactions are in the normal course of business and terms of providing and receiving such transactions are based on mutually agreed terms. Details of significant related party transactions and the balances involved are as follows:

	(Unaudited)			
	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	RO'000	RO'000	RO'000	RO'000
Sale of goods and services				
Revenue from Parent Company	5,465	3,671	15,626	11,440
Purchases of goods and services				
Fuel, lubricants and others from Oman Oil Marketing Company SAOG– entity under common control	1,243	922	3,797	2,401
Dividend paid to shareholders (note 12)	-	-	-	-
Directors - sitting fees (note 20)	11	4	28	13
Directors - other remunerations (note 20)	20	-	58	58
Key management compensation				
Basic salaries and allowances	126	187	373	481
End of service benefits	2	2	5	5
	285	189	423	486

	30 September 2022 (Unaudited) RO'000	31 December 2021 (Audited) RO'000
Related party balances		
Receivable from the Parent Company (note 9a)	6,180	3,360
Payable to Oman Oil Marketing Company SAOG – entity under common control (note 17b)	1,261	1,045

These balances are interest free and repayable on demand.

25 Contingent liabilities

The Company has contingent liabilities in respect of bank guarantees, open purchase orders and other matters arising from the legal cases of Company from which it is anticipated that no material liabilities will arise. At 30 September 2022, total contingent liabilities amounts to RO 24,796,670 (31 December 2021 - RO 8,633,025).

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

26 Segment reporting

Basis for segmentation

The Company's structure reflects various activities in which it is engaged. At 30 September 2022, the Company had two reportable segments: Drilling & Work Over and Well Services & Others

The accounting policies of the operating segments are described in Note 2. IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the chief operating decision makers for the purposes of performance assessment and resource allocation. For the Company, this measure of performance is gross profit.

Sales to external customers all domestic within the Sultanate of Oman.

Information about reportable segments and reconciliation

Information related to each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance because the chief operating decision makers believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

The financial information that the chief operating decision makers reviews for Drilling & Workover and Well services & others are as follows:

	Drilling & Work Over Nine months ended 30 September		Well Services & Others Nine months ended 30 September		Total Nine months ended 30 September	
	2022 (Unaudited) RO'000	2021 (Unaudited) RO'000	**2022 (Unaudited) RO'000**	2021 (Unaudited) RO'000	**2022 (Unaudited) RO'000**	2021 (Unaudited) RO'000
Revenue	**91,581**	78,649	**10,780**	12,289	**102,361**	90,938
Gross profit	**26,056**	23,860	**520**	976	**26,576**	24,836
Operating profit	**21,125**	20,017	**(5)**	933	**21,120**	20,950
Finance costs	**4,559**	3,471	-	-	**4,559**	3,471
Finance income	**389**	194	-	-	**389**	194
Profit/(loss) before tax	**17,309**	16,869	**(359)**	804	**16,950**	17,673
Profit/(loss) for the period	**14,919**	13,851	**(335)**	691	**14,584**	14,542

	Drilling & Work Over		Well Services & Others		Total	
	30 September 2022 (Unaudited) RO'000	31 December 2021 (Audited) RO'000	**30 September 2022 (Unaudited) RO'000**	31 December 2021 (Audited) RO'000	**30 September 2022 (Unaudited) RO'000**	31 December 2021 (Audited) RO'000
Total segment assets	**251,116**	245,314	**28,192**	44,463	**279,308**	289,777
Total segment liabilities	**127,201**	141,225	**9,421**	14,926	**136,622**	156,151

27 Commitments

As at 30 September 2022, the Company had contractual capital commitments of RO 7,148,733 (31 December 2021: RO 18,063,425).

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

28 Financial risk management

Financial instruments carried on the condensed interim statement of financial position comprise trade and other receivables, cash and cash equivalents, trade and other payables and borrowings.

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been impacted.

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to mitigate the potential adverse effects on the Company's financial performance.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

As at September 2022, though the Company has significant bank balances, Management believes that the risk arising out of these balances are minimal as these are with local banks with good financial standing.

The Company does not foresee any significant increase in credit risk based on the financial condition of the bank and other factors if any, since the date such financial asset is being originated as the bank's credit ratings have not gone down by two notches after the date of deposit till the date of the condensed interim financial information.

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at expected credit loss (ECL). The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company's exposure to credit risk on trade and other receivables is influenced mainly by the individual characteristics of each customer. The Company has a significant concentration of credit risk as below.

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

28 Financial risk management *(continued)*

Financial risk factors *(continued)*
Credit risk *(continued)*

As at the reporting date the Company has provided for RO 164 thousand (2021: RO 116 thousand) as total provision for impaired debts from its customers (note 9). Apart from this, management believes that the Company is not exposed to any significant credit risk.

Financial assets	30 September 2022 (Unaudited) RO'000	31 December 2021 (Audited) RO'000
Trade and other receivables	**34,038**	35,532
Bank term deposits	**18,173**	9,958
Cash at bank	**2,506**	7,605
Total	**54,717**	53,059

The following table details the risk profile of trade receivables based on the Company's provision matrix:

Calculation of ECL provision trade receivables – provision matrix approach

As of 30 September 2022 (Unaudited)	**Net carrying amount before ECL**	**ECL %**	**Lifetime ECL**	**Net carrying amount after ECL**
Not past due	**31,339**	-	-	**31,339**
1-90 days	**2,393**	-	-	**2,393**
91-180 days	**28**	-	-	**28**
181-270 days	**40**	-	-	**40**
271-365 days	**301**	**33.00%**	**99**	**202**
> 365 days	**65**	**100.00%**	**65**	-
Total	**34,166**	**0.44%**	**164**	**34,002**
As of 31 December 2021 (audited)				
Not past due	32,005	-	-	32,005
1-90 days	2,742	-	-	2,742
91-180 days	561	-	-	561
181-270 days	35	-	-	35
271-365 days	232	34.05%	79	153
> 365 days	37	100.00%	37	-
Total	35,612	0.32%	116	35,496

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

28 Financial risk management *(continued)*

Financial risk factors *(continued)*

Liquidity risk *(continued)*

The detail maturities of the Company's financial liabilities, at reporting date are given below:

Non-derivative financial liabilities

	Carrying amount RO'000	Less than 1 year RO'000	1 to 2 year RO'000	More than 2 years RO'000
30 September 2022 (Unaudited)				
Term loans	**97,551**	**19,006**	**18,756**	**59,789**
Interest on term loans	-	**5,367**	**4,427**	**7,055**
Lease liabilities	**5,222**	**1,672**	**1,111**	**2,439**
Lease liabilities interest	-	**248**	**144**	**139**
Trade and other payables	**22,380**	**22,380**	-	-
Deferred payment obligation	**322**	**322**	-	-
	125,475	**48,995**	**24,438**	**69,422**
31 December 2021(Audited)				
Term loans	102,974	15,330	17,370	70,274
Interest on term loans	-	4,876	4,510	8,833
Lease liabilities	5,139	1,944	971	2224
Lease liabilities interest	-	245	155	188
Trade and other payables	34,542	34,542	-	-
Deferred payment obligation	1,038	1,038	-	-
	143,693	58,043	22,938	81,519

Future interest payable for floating rate loans is computed based on the year-end floating rates.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign currency risk

The Company's functional and presentation currency is Rial Omani. Although certain of the Company's contracts with clients and suppliers are entered in US $ the Company is not exposed to any significant currency risks, since Rial Omani is pegged to US $.

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

28 Financial risk management (*continued*)

Financial risk factors (*continued*)

Interest rate risk

The Company is exposed to interest rate risk since a substantial amount of its borrowings are on fluctuating interest rates. However, the risk is limited to 3 months LIBOR and Central Bank of Oman's weighted average interest rate on Deposit (WAIRD) for private sector OMR time deposits, since the spread of fixed basis points is fixed for the tenure of the loan.

Cash flow sensitivity analysis for variable rate instruments
A change of 20 basis points in interest rates as at 31 September and 31 December would have increased (decreased) equity by the amounts shown below:

	Equity			
	30 September 2022 (Unaudited)		31 December 2021 (Audited)	
	20 bp Increase	**20 bp Decrease**	20 bp Increase	20 bp Decrease
Interest rate expense	**195**	**(195)**	(139)	139

Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Company has exposure to IBORs on its financial instruments that either have been or will be reformed as part of these market-wide initiatives.

The Company considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The Company's remaining IBOR exposures at the reporting date are debt securities indexed to US dollar LIBOR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). In March 2021, the Financial Conduct Authority announced that US dollar setting (except for one-week and two-month US dollar settings) will either cease to be provided or no longer be representative after 30 June 2023. As explained in the previous annual financial statements, the Company is in the process of implementing appropriate fallback clauses for all US dollar LIBOR-indexed exposures and expect to complete by June 2023.

There has been no significant change in the balance of the banking credit facilities, which include those with a fallback clause that deals with the cessation of the existing IBOR since the previous annual reporting date. See the previous annual financial statements for more detail.

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

29 Capital management

The Company's policy is to maintain a strong capital base to sustain future development of the business. The management monitors the return on equity, which the Company defines as net profit divided by total shareholders' equity on weighted average basis.

Board of Directors in their meeting dated, 9 June 2012 had approved revision of composition of Company wide capital structure of the Company as follows: equity (30%): subordinated debt (5%): debt (65%). The same has been approved by the Ultimate Parent Company (OIA) and by the shareholders in the General Meeting held on 6 January 2013. The Company is not subject to externally imposed capital requirements, except those under Commercial Companies Law, as amended.

30 Fair value of financial assets and liabilities

The fair value of the financial assets and liabilities approximates their carrying value as stated in the statement of financial position.

31 Changes in cash flows from financing activities

30 September 2022	**Term loan RO'000**	**Short term loan RO'000**	**Lease liabilities RO'000**
At 31 December 2021 (Audited)	**102,974**	**-**	**5,139**
Disbursement / availed during the period	**22,971**	**11,645**	**2,161**
Repayments during the period	**(28,394)**	**(11,645)**	**(2,078)**
At 30 September 2022 (Unaudited)	**97,551**	**-**	**5,222**
Change in cash flows	**5,423**	**-**	**(83)**
Other changes	-	-	-
Interest expense	3,985	36	241
Interest paid	(3,985)	(36)	(241)
30 September 2021			
At 31 December 2020 (Audited)	88,139	-	6,052
Disbursement / availed during the period	20,202	-	357
Repayments during the period	(9,360)	-	(1,688)
At 30 September 2021 (Unaudited)	98,981	-	4,721
Change in cash flows	10,842	-	(1,331)
Other changes	-	-	-
Interest expense	2,948	-	247
Interest paid	(2,948)	-	(247)
31 December 2021			
At 31 December 2020 (Audited)	88,139	-	6,052
Disbursement / availed during the period/year	25,990	-	1,666
Repayments during the year	(11,155)	-	(2,579)
At 31 December 2021 (Audited)	102,974	-	5,139

ABRAJ ENERGY SERVICES SAOC

Notes to the condensed interim financial information
For period ended 30 September 2022 (Unaudited) *(continued)*

31 Changes in cash flows from financing activities *(continued)*

Change in cash flows	14,835	-	(913)
Other changes	-	-	-
Interest expense	3,754	-	352
Interest paid	(3,754)	-	(8352)

32 Earnings per share

Earnings per share are calculated by dividing the net profit for the period attributable to the shareholders of the Parent Company by the weighted average number of shares in issue during the period as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	**2022**	2021
Profit attributable to shareholders (RO'000)	**4,217**	7,210	**14,584**	14,542
Weighted average number of shares for basic and diluted EPS	**77,020,000**	77,020,000	**77,020,000**	77,020,000
Basic and diluted earnings per share (RO)	**0.055**	0.094	**0.189**	0.189

33 Reclassification of comparative information

The following corresponding figures for 31 December 2021 in the statement of financial position have been reclassified in order to conform with the presentation for the current year. As a result of this reclassification, the cash flows related to these advances amounting to RO 1,972 thousand which was previously reported under cash flows from operating activities have now been reported under cash flows from investing activities. Such reclassifications do not affect previously reported profits, total assets, total liabilities, or shareholder's equity.

	As previously reported RO'000	Reclassification RO'000	As currently reported RO'000
Advances and prepayments – current	12,284	(1,972)	**10,312**
Advances and prepayments – non-current	-	1,972	**1,972**
	12,284	-	**12,284**

*Refer note 9b

ABRAJ ENERGY SERVICES SAOC

Report and financial statements
for the year ended 31 December 2021

Register Office Address:

South Al Ghubra, Bousher,
Muscat Governorate.
P.O Box: 1156
Postal Code: 130
Azaiba
Sultanate of Oman

Principal place of business:

MOD Pension fund Building,
Fourth Floor, Al-Mawaleh,
Sultanate of Oman

ABRAJ ENERGY SERVICES SAOC

Report and financial statements for the year ended 31 December 2021

Directors' Report

As required by the Commercial Companies Law 2019, the Directors submit their report and the audited financial statements for the year ended 31 December 2021.

Principal activities

The principal activities of the Company are the provision of onshore drilling, workover, flowback, well testing, well intervention, cementing, fracturing, coil tubing, integrated project Company, drilling fluids and training services.

Basis of preparation of accounts

The accompanying audited financial statements have been prepared in accordance with International Financial Reporting Standards and the Commercial Companies Law of 2019 and the applicable requirements of the Commercial Companies Law of 2019 and Ministerial Decision 146/2021 issuing Commercial Companies' Regulations.

Results and appropriation

The results of the Company for the year ended 31 December 2021 are set out on page 3 to 43 of the financial statements.

The aftermath of the global outbreak of Covid-19 in 2020, had severely impacted businesses and economies worldwide. As of 2020, the Company had developed and continued in 2021 to monitor the implemented comprehensive plans to mitigate the risk associated with the outbreak implications. The business has been impacted by reduction in business volume through stacking of rigs (with crew) and reduction in rates. However, the Company had overcome these business disruptions and be able to generate a better revenue and profitability compared to what was budgeted plan for 2021. The Company is generating positive operating cash flows and all the contractual services are as per the required contractual standards. The Company is monitoring the situation closely and based on its evaluation no specific adjustment is required to these financial statements.

The Company has paid dividend of RO 3,382,500 (43.92 baisa per share) for the financial year ended 31 December 2020 to the shareholders representing 30% of profit after tax (2020: 27.87 baisa per share amounting to RO 2,146,200 relating to the financial year 2019).

The Board of Directors in its meeting held on 07th March 2022, recommended cash dividend of 71.70 Baisa per share amounting to RO 5,523,900 for the year 2021 representing 30% of profit after tax subject to approval of the shareholders.

Auditors

The financial statements have been audited by KPMG.

Acknowledgement:

On behalf of the Board of Directors and the Management, we thank Ministry of Energy & Minerals, Ministry of Commerce, Industry & Investment Promotion, Other Government Agencies, OQ group, Shareholders, Customers, Bankers, Suppliers, Employees etc.

On behalf of the Board of Directors

Chairman

ABRAJ ENERGY SERVICES S.A.O.C
C.R. No.: 1/84455/5

KPMG LLC
Children's Public Library Building
4th Floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
Tel. +968 24 749600, www.kpmg.com/om

Independent auditors' report

To the Shareholders of Abraj Energy Services SAOC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Abraj Energy Services SAOC ("the Company"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 10 March 2021.

Continued to page 2 (b)

Continued from page 2 (a)

Other Information

Management is responsible for the other information. The other information comprises the Directors' report which is set out on page 1.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and their preparation in compliance with the applicable provisions of the Commercial Companies Law of 2019 and the Ministerial Decision 146/2021 issuing Commercial Companies' Regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those hCharged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Continued to page 2 (c)

Continued from page 2 (b)

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We report that these financial statements comply, in all material respects, with the applicable provisions of Commercial Companies Law of 2019.

Further, as required by the applicable provisions of the Commercial Companies Law of 2019 and the Ministerial Decision 146/2021 issuing Commercial Companies' Regulations, we report that:

I. we have obtained all the information and explanation we considered necessary for the purposes of our audit;

II. the Company has maintained accounting records and the financial statements are in agreement therewith;

III. the Company has carried out physical verification of inventories;

IV. the financial information included in the Board of Directors' report is consistent with the books of accounts of the Company; and

V. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended 31 December 2021 any of the applicable provisions of the Commercial Companies Law of 2019 or of its Articles of Association which would materially affect the financial performance and/or its financial position as at 31 December 2021.

7 March 2022

KPMG
KPMG LLC
KPMG LLC
Children's Public Library Building
4th floor, Shatti Al Qurum
P O Box 641, PC 112
Sultanate of Oman
CR.No: 1358131

CR No. 1358131
Tax Card No. 8063052

ABRAJ ENERGY SERVICES SAOC

Statement of financial position as at 31 December 2021

	Notes	2021 RO'000	2020 RO'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**184,377**	153,646
Capital work-in-progress	6	**20,225**	4,098
Intangible assets	7	**250**	170
Deferred expenses - non-current	15c	**187**	344
Right-of-use assets	8a	**4,935**	5,936
Total non-current assets		**209,974**	164,194
Current assets			
Trade and other receivables	9a	**35,532**	26,686
Advances and Prepayments	9b	**12,284**	32,598
Inventories	10	**14,163**	14,531
Bank term deposit	11b	**9,958**	4,751
Cash and bank balances	11a	**7,675**	2,392
Deferred expenses - current	15c	**191**	256
Total current assets		**79,803**	81,214
Total assets		**289,777**	245,408
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	**77,020**	77,020
Legal reserve	13	**7,410**	5,569
Retained earnings		**49,196**	36,007
Total equity		**133,626**	118,596
Non-current liabilities			
Term loans – non-current portion	14	**87,644**	75,870
Deferred payment obligation	15b	**-**	1,003
Deferred income	15a	**2,137**	903
Deferred tax liability	23	**4,209**	4,386
Employees' end of services benefits	16	**1,854**	1,694
Lease liabilities - non-current portion	8b	**3,195**	4,787
Total non-current liabilities		**99,039**	88,643
Current liabilities			
Term loan - current portion	14	**15,330**	12,269
Lease liabilities – current portion	8b	**1,944**	1,265
Trade payables	17a	**24,763**	11,792
Other payables	17b	**9,779**	8,514
Deferred income	15a	**1,024**	1,057
Deferred payment obligation	15b	**1,038**	989
Income tax payable	23	**3,234**	2,283
Total current liabilities		**57,112**	38,169
Total liabilities		**156,151**	126,812
Total equity and liabilities		**289,777**	245,408

These financial statements were approved and authorized for issue by the Board of Directors on 07 March 2022 and signed on their behalf by:

Director - Finance **Acting Managing Director** **Chairman**

The accompanying notes on page 7 to 43 are an integral part of these financial statements.
The independent auditors' report is set forth on page 2

ABRAJ ENERGY SERVICES SAOC

Statement of profit or loss and other comprehensive income for the year ended 31 December 2021

	Notes	2021 RO'000	2020 RO'000
Revenue from contracts with customers	*18*	**124,511**	105,186
Cost of sales	*19*	**(92,319)**	(80,309)
Gross profit		**32,192**	24,877
General and administrative expenses	*20*	**(5,423)**	(7,307)
Other expenses	*21a*	**(941)**	(1,160)
Other Income	*21b*	**389**	21
Expected credit loss reversal on trade receivables	*9*	**13**	123
Impairment of fixed assets	*5*	**(636)**	-
Operating profit		**25,594**	16,554
Finance costs	*22*	**(4,307)**	(3,595)
Finance income	*22*	**226**	463
Profit before tax		**21,513**	13,422
Taxation	*23*	**(3,100)**	(2,147)
Profit and total comprehensive income for the year		**18,413**	11,275

The accompanying notes on page 7 to 43 are an integral part of these financial statements.
The independent auditors' report is set forth on pages 2

ABRAJ ENERGY SERVICES SAOC

Statement of changes in equity
for the year ended 31 December 2021

	Share capital RO'000	Legal reserve RO'000	Retained earnings RO'000	Total RO'000
At 1 January 2020	77,020	4,441	28,006	109,467
Profit and total comprehensive income for the year	-	-	11,275	11,275
Transfer to legal reserve		1,128	(1,128)	-
Transaction with owners recorded directly in the equity:				
Dividend paid	-	-	(2,146)	(2,146)
At 1 January 2021	**77,020**	**5,569**	**36,007**	**118,596**
Profit and total comprehensive income for the year	-	-	**18,413**	**18,413**
Transfer to legal reserve	-	**1,841**	**(1,841)**	-
Transaction with owners recorded directly in the equity:				
Dividend paid	-	-	**(3,383)**	**(3,383)**
At 31 December 2021	**77,020**	**7,410**	**49,196**	**133,626**

The accompanying notes on page 7 to 43 are an integral part of these financial statements.
The independent auditors' report is set forth on pages 2

ABRAJ ENERGY SERVICES SAOC

Statement of cash flows
for the year ended 31 December 2021

	Notes	2021 RO'000	2020 RO'000
Operating activities			
Profit before taxation		**21,513**	13,422
Adjustments for:			
Depreciation and amortisation	5	**19,986**	18,129
Impairment of fixed assets		**636**	-
Deferred income	15a	**1,201**	(319)
Deferred payment obligation	15b	**(954)**	(1,051)
Major overhauling		**919**	749
Write off property, plant and equipment		**(368)**	399
Deferred cost		**222**	66
Interest expense		**4,307**	3,595
Interest income		**(226)**	(463)
Employees' end of service charges	16	**283**	315
Lease adjustment		**-**	(26)
		47,519	34,816
Working capital changes:			
Inventories		**368**	(1,921)
Trade and other receivables		**(8,846)**	(430)
Trade and other payables		**(2,386)**	(1,600)
Cash generated from operating activities		**36,655**	30,865
Income tax paid		**(2,326)**	(1,358)
Employees' end of service benefits paid	16	**(123)**	(283)
Net cash from operating activities		**34,206**	29,224
Cash flows from investing activities:			
Acquisition of property, plant and equipment	5	**(1,715)**	(1,635)
Proceeds from disposal of property, plant and equipment		**389**	15
Purchase of intangible asset	7	**(143)**	(121)
Additions to capital work-in-progress	6	**(47,705)**	(8,338)
Advance and prepayment		**20,314**	(25,615)
Interest received		**226**	463
Net cash used in investing activities		**(28,634)**	(35,231)
Cash flows from financing activities			
Disbursement of loans	30	**25,990**	28,165
Repayment of loans	30	**(11,155)**	(21,615)
Bank term deposit		**(5,207)**	(4,751)
Dividend paid		**(3,383)**	(2,146)
Interest paid		**(3,955)**	(3,291)
Payment of lease liabilities	30	**(2,579)**	(2,082)
Net cash from/(used in) financing activities		**(289)**	(5,720)
Net change in cash and cash equivalents		**5,283**	(11,727)
Cash and cash equivalents at 1 January		**2,392**	14,119
Cash and cash equivalents at 31 December	11	**7,675**	2,392

The accompanying notes on page 7 to 43 are an integral part of these financial statements.
The independent auditors' report is set forth on pages 2

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

1 Legal status and principal activities.

Abraj Energy Services SAOC (the "Company") is a closed joint stock company registered in the Sultanate of Oman. The Company was incorporated on 24 May 2006 and commenced its commercial operations on 4 March 2007. The Company is a subsidiary of OQ Exploration and Production LLC (the "Parent"), a limited liability company incorporated in Sultanate of Oman. The ultimate parent company is OQ SAOC (the "Ultimate Parent"), a closed joint stock company incorporated in the Sultanate of Oman.

The registered address of the Company is P O Box 1156, Postal Code 130, Azaiba, Sultanate of Oman.

The Company's principal activities are provision of onshore drilling, workover, flowback, well testing, well intervention, cementing, fracturing, coil tubing, integrated project management, drilling fluids services and training services.

2. Application of new and revised International Financial Reporting Standards (IFRS)

New and revised IFRS in issue and effective

- Interest Rate Benchmark Reform - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, hIFRS 16).
- COVID-19- Related Rent Concessions (Amendment to IFRS 16).

These standards do not have any material impact on these financial statements.

New and revised IFRS in issue but not yet effective

- COVID-19- Related Rent Concessions beyond 30 June 2021-Amendment to IFRS 16 (1 April 2021)
- Onerous Contracts – Cost of Fulfilling a Contract - Amendments to IAS 17 (1 January 2022)
- Annual Improvement to IFRS Standards 2018-2020 (1 January 2022)
- Property, Plant and Equipment: Proceeds before Intended Use - Amendment to IAS 16 (1 January 2022)
- Reference to the Conceptual Framework - Amendment to IAS 1 (1 January 2022)
- Classification of Liabilities as Current and Non- current – Amendments to IAS 1 (1 January 2023)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 (1 January 2023)
- Disclosure of Accounting Estimate – Amendments to IAS 1 and IFRS Practice Statement 2 (1 January 2023)
- Deferred tax relating to Assets and Liabilities arising form a single transaction (Amendments to IAS 12)

These are not expected to have a significant impact on the Company's financial statements.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

2. Application of new and revised International Financial Reporting Standards (IFRS)

2.1 Interest rate benchmark reform

In July 2017, the United Kingdom Financial Conduct Authority (FCA), which regulates the London Interbank Offered Rate ('LIBOR') announced that the interest benchmark would cease after June 2023. LIBOR is one of the most common series of benchmark interest rates. LIBOR reforms and expectations of cessation of LIBOR will impact the Company's current risk management strategy and possibly accounting for financial instruments. As at 31 December 2021, the Company has bank borrowings in US dollars amounting to RO 50.867 million equivalent to USD132.293 million (2020: RO 29.998 million equivalent to USD 77.90 million).The some portion of the interest on bank borrowings are referenced to LIBOR. Refer note 14 to the financial statements for details of the interest on bank borrowings.

The reliefs under the standard have the effect that LIBOR reform should not generally cause substantial modification of the loan liability.

3 Summary of significant accounting policies

Basis of preparation and statement of compliance

The financial statements of the Company have been prepared on the historical cost basis in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the applicable requirements of the Commercial Companies Law of 2019 and Ministerial Decision 146/2021 issuing Commercial Companies' Regulations.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The financial statements have been presented in Rial Omani ("RO") which is the currency of the country in which all the operations of the Company are carried out.

Significant accounting policies

The significant accounting policies adopted by the Company are set out below:

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2021 (*continued*)

3 Summary of significant accounting policies (*continued*)

Subsequent expenditure
The cost of replacing part of an item of plant and equipment and major repairs and inspections is recognized in the carrying amount of an item if it is probable that future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit or loss as and when incurred.

Depreciation
Depreciation is charged on a straight-line basis over the estimated useful lives of items of property, plant and equipment. The estimated useful lives are as follows:

	Years
Rigs and well services equipment	3 - 30
Furniture and fixtures	3
Office and computer equipment	3 - 5
Motor vehicles	5 - 10
Major repairs and inspections	3 - 10
Building	10 - 30

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Capital work-in-progress
Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees, costs of site preparation, installation and assembly costs and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such assets are classified to the appropriate categories of plant and equipment when completed and ready for intended use. Depreciation of these assets commence when the assets are ready for their intended use.

Intangible assets
Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred. Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Amortization
Intangible assets are amortized on a straight-line basis over the estimated useful lives of individual assets. The estimated useful lives are as follows:

	Years
ERP software	7
Others	2-7

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

3 Summary of significant accounting policies (*continued*)

Significant accounting policies (*continued*)

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of ten years. Impairment losses of continuing operations, including impairment on inventories, are recognized in profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Financial assets

The Company's financial assets consists of cash and bank balances and trade and other receivables.

Classification
The Company on initial recognition classifies its non-derivative financial instruments in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (FVTPL); and
- those to be measured at amortised cost.

3 Summary of significant accounting policies (*continued*)

Significant accounting policies (*continued*)

Financial assets (*continued*)

Classification (continued)
The classification depends on the entity's business model for managing the financial instruments and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI).

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the Company measures a financial asset at its fair value. Changes in the fair value of financial assets at FVPL are recognised in other gains / (losses) in the profit or loss as applicable.

Trade and other receivables
At initial recognition, the Company measures its trade receivables at transaction cost and subsequently measured at amortised cost using the effective interest rate method, less expected credit loss allowance. Trade receivables are generally due for settlement within three months and therefore, are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore, measures them subsequently at amortised cost using the effective interest rate method if applicable

Impairment
The Company assesses on a forward looking basis the expected credit losses associated with its financial instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and due from related parties, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents consist of cash on hand, balances with bank and term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in values.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2021 (*continued*)

3 Summary of significant accounting policies (*continued*)

Significant accounting policies (*continued*)

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average principle and includes all costs incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is the estimated replacement cost of the inventories.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss account. A financial liability is classified as at fair value through profit or loss account if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

The Company determines the classification of financial liabilities on initial recognition. Subsequent reclassification are not allowed.

The Company's financial liabilities comprise term loans, short term loans and trade and other payable that are subsequently measured at amortized cost using the effective interest method, if applicable.

The effective interest method is the method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss account.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Employees' end of service benefits

Provision in respect of employee benefits for non-Omani employees is made in accordance with the Oman Labour laws, and is based on current remuneration and cumulative years of service at the reporting period date.

Retirement benefits for Omani employees are contributed in accordance with the terms of the Social Insurance Law of 1991, as amended, from time to time. Such contributions are expensed when incurred.

3 Summary of significant accounting policies (*continued*)

Significant accounting policies (*continued*)

Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation, as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. All other borrowing costs are recognized as expenses in the period in which they are incurred.

Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease or, if that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

3 Summary of significant accounting policies (*continued*)

Significant accounting policies (*continued*)

Leases (*continued*)

The Company as a lessee (*continued*)

Lease liability (continued)
Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a line item in the statement of financial position.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use asset
The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

3 Summary of significant accounting policies (*continued*)

Significant accounting policies (*continued*)

Leases (*continued*)

Right-of-use asset (continued)
Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate note line item in the property, plant and equipment. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Operating expense's in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

3 Summary of significant accounting policies (*continued*)

Significant accounting policies (*continued*)

Revenue

Under IFRS 15, Revenue is recognized when a customer obtains control of the goods or services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Variable consideration
Variable consideration amounts are estimated at either their expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not reverse.

Contract modification
A contract modification occurs when the Company and the customer approve a change in the contract that either creates new enforceable rights and obligations or changes the existing enforceable rights and obligations. Revenue related to a modification is not recognised until it is approved. Approval can be in writing, oral, or implied by customary business practices.

The Company treats the contract modification as a separate contract if it results in the addition of a separate performance obligation and the price reflects the standalone selling price of that performance obligation. Otherwise, a modification (including those that only affect the transaction price) is accounted for as an adjustment to the original contract, either prospectively or through a cumulative catch-up adjustment.

The Company accounts for a modification prospectively if the goods or services in the modification are distinct from those transferred before the modification. Conversely, the Company accounts for a modification through a cumulative catch-up adjustment if the goods or services in the modification are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified.

Cost of obtainment and fulfilment
The Company capitalizes incremental costs to obtain a contract with a customer if the fulfilment costs meet the following criteria:

- Relate directly to an existing contract or specific anticipated contract;
- Generate or enhance resources that will be used to satisfy performance obligations in the future; and
- Are expected to be recovered.

The Company amortizes the asset recognized for the costs to obtain and/or fulfil a contract on a systematic basis, consistent with the pattern of transfer of the good or service to which the asset relates. In the case of an impairment, the Company recognizes these losses to the extent that the carrying amount of the asset exceeds the recoverable amount.

3 Summary of significant accounting policies (*continued*)

Significant accounting policies (*continued*)

Revenue (*continued*)
Cost of obtainment and fulfilment *(continued)*

Revenue is measured based on the consideration to which the Company expects to be entitled in the contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a service or product to a customer.

Service revenue
The Company' contractual day rate currently does not have the split between the rate for leased asset and other services so currently the Company allocates total transaction price to revenue from leased assets and other service revenue. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is assessed by reference to billing sheets prepared by the Company and approved by customers.

Mobilization revenue (for existing asset & for new operating asset) is recognized net of delayed start-up penalty, if any from client, over the firm contract period of the contract. In case of existing assets mobilization costs, if any, will also be amortized over the firm period of the contract. However, in case of new operating asset, the mobilization cost forms part of the commissioning cost of the asset.

Contract revenue from leased assets
The Company has calculated the revenue from leased assets based on the depreciation calculated on the gross block of the asset with average life adding the markup.

Sales of products
Revenue from the sale of goods is recognized when the controls of the products has transferred to the buyers.

Finance income

Interest revenue is recognized as the interest accrues using the effective interest method, under which the rate used exactly discounts, estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset

Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Taxable profit differs from profits as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

3 Summary of significant accounting policies (*continued*)

Significant accounting policies (*continued*)

Income tax (*continued*)

Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary difference when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Carrying amount of the deferred tax assets is reviewed at end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intend to settle its current tax assets and liabilities on a net basis.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting dates are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in the profit or loss.

Director's remuneration

The Directors' remuneration is governed as set out in the Commercial Companies Law, regulations issued by the Capital Market Authority and as stated in the Articles of Association of the Company. The Annual General Meeting determines and approves the remuneration and the sitting fees for the Board of Directors and its sub-committees aligning with Article 56 & 57 of the new Executive Regulation (ER) of the Commercial Companies Law as issued by Ministry of Commerce, Industry & Investment Promotion (MOCIIP).

As stated in Article 56 of ER, the company has calculated the pool available for Directors Remuneration after taking account transfer of legal reserve at 10% of profits, company dividend of 30 % of profit after tax (PAT) since it is higher than proposed notional dividend of 10 % of profits to the shareholders. This pool is then capped to CMA regulation governed by Article 133 of CMA decision 27/2021 followed by Ministry of Finance guidelines restricting the payment of Board of Directors remuneration capped to 50 % of their entitlements. If the Company makes less profit than the previous financial year or the profit is such that the payment of minimum notional dividend of 10 % of profit after tax to the shareholders is not possible, then it shall determine the annual remuneration at not more than RO 100,000.

3 Summary of significant accounting policies (*continued*)

Significant accounting policies (*continued*)

Director's remuneration (*continued*)

As stated in Article 57 of ER, the annual general meeting shall specify the sitting fees of the Board of Directors and its sub-committees, in an amount that does not exceed RO 6,000 per annum to each member.

Dividend on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's shareholders.

Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

4. Significant accounting judgements, estimates and assumptions

The presentation of financial statements, in conformity with IFRSs, requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditures. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the significant estimates used in the preparation of the financial statements:

Impairment of property, plant and equipment

A decline in the value of property, plant and equipment could have a significant effect on the amounts recognized in the financial statements. Management assesses the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2021 (*continued*)

4. Significant accounting judgements, estimates and assumptions (continued)

Following are the other estimates used in the preparation of the financial statements:

Useful lives of property, plant and equipment

Depreciation is charged so as to write off the cost of assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2021 (*continued*)

5 Property and equipment

	Rigs and well services equipment RO'000	Furniture and fixtures RO'000	Office and computer equipment RO'000	Motor vehicles RO'000	Building RO'000	Total RO'000
Cost						
At 1 January 2020	289,923	947	1,582	2,473	1,486	296,411
Additions during the year	1,407	38	116	74	-	1,635
Transfer from capital work-in-progress (note 6)	11,465	21	78	187	1,961	13,712
Disposals	(13,287)	(102)	(4)	(129)	-	(13,522)
At 1 January 2021	**289,508**	**904**	**1,772**	**2,605**	**3,447**	**298,236**
Additions during the year	**1,589**	**16**	**110**	-	-	**1,715**
Transfer from capital work-in-progress (note 6)	**47,723**	**115**	**31**	-	**331**	**48,200**
Disposals	**(2,309)**	-	-	-	-	**(2,309)**
At 31 December 2021	**336,511**	**1,035**	**1,913**	**2,605**	**3,778**	**345,842**

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2021 (*continued*)

5 Property and equipment (*continued*)

	Rigs and well services equipment RO'000	Furniture and fixtures RO'000	Office and computer equipment RO'000	Motor vehicles RO'000	Building RO'000	Total RO'000
Depreciation and impairment						
1 January 2020	136,340	929	1,289	1,945	384	140,887
Depreciation charge for the year	15,689	11	146	134	81	16,061
Disposals	(12,134)	(102)	(4)	(118)	-	(12,358)
1 January 2021	**139,895**	**838**	**1,431**	**1,961**	**465**	**144,590**
Depreciation charge for the year	**17,114**	**35**	**195**	**124**	**140**	**17,608**
Impairment during the year	**636**					**636**
Disposals	**(1,369)**	-	-	-	-	**(1,369)**
At 31 December 2021	**156,276**	**873**	**1,626**	**2,085**	**605**	**161,465**
Net carrying value						
At 31 December 2021	**180,235**	**162**	**287**	**520**	**3,173**	**184,377**
At 31 December 2020	149,613	66	341	644	2,982	153,646

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2021 (*continued*)

5 Property and equipment (*continued*)

Details of depreciation and amortization is as below:

	2021 RO'000	2020 RO'000
Depreciation	**17,608**	16,061
Amortisation of intangible assets (note 7)	**63**	181
Amortisation of right-of-use assets (Note 8a)	**2,315**	1,887
Depreciation and amortization	**19,986**	18,129

	2021 RO'000	2020 RO'000
The total depreciation and amortization charge for the year is allocated as follows:		
Direct costs (note 19)	**19,568**	17,437
General and administrative expenses (note 20)	**418**	692
	19,986	18,129

Oil and well services equipment include rigs on which commercial banks have negative pledge against a term loan facilities (note 14).

Impairment assessment:

During the year 2021, the Company carried out impairment testing of all of its cash generating units (CGU) using value in use method. Major parameters used for impairment testing are as follows:

- Future cash inflows and outflows for a period of ten years from the continuing use of the CGU and its ultimate disposal were determined.
- Capital Asset Pricing Model (CAPM) was used to determine the pretax discount rate of 7.32%
- Both the cash flows and the discounting rates used were on pretax basis.
- Year-on-year revenue forecast and the discounting rates were used. An inflation of 1% to 3% have been assumed on the year-on-year operating and manpower cost forecast.

Based upon above parameters, the Company has assessed the impairment impact and provided for the necessary amount towards impairment as follow:

	2021 RO'000	2020 RO'000
Opening at 01 January	**838**	841
Provision charge during the period	**636**	-
Reversal of impaired asset	**(9)**	(3)
Closing at 31 December	**1,465**	838

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

6 Capital work-in-progress

	2021 RO'000	2020 RO'000
New rigs and other service line assets not commissioned	**17,887**	2,533
Assets under major overhauling	**2,338**	1,565
	20,225	4,098

The movement in capital work in progress is as follows:

	2021 RO'000	2020 RO'000
At 1 January	**4,098**	3,518
Additions during the year	**64,327**	14,292
Transfer to property, plant and equipment (note 5)	**(48,200)**	(13,712)
	20,225	4,098

Transfer to property, plant and equipment during the year 2021 mainly represents commissioning of new assets relating to the drilling & workover business.

7 Intangible assets

	2021 RO'000	2020 RO'000
Cost		
At 1 January	**2,271**	2,150
Additions during the year	**143**	121
At 31 December	**2,414**	2,271
Amortization		
At 1 January	**2,101**	1,920
Charge for the year (note 5)	**63**	181
At 31 December	**2,164**	2,101
Net carrying value at 31 December	**250**	170

Intangible assets consist of computers software at head office and sites.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

8a. Right-of-use assets

	Building RO'000	Equipment RO'000	Vehicles RO'000	Total RO'000
1 January 2020	126	1,639	2,000	3,765
Addition	498	33	3,578	4,109
Terminations and other adjustments	78	(1,087)	440	(569)
Re-measurement of lease liabilities	(74)	(98)	690	518
Less: Amortisation	(403)	(137)	(1,347)	(1,887)
1 January 2021	**225**	**350**	**5,361**	**5,936**
Addition	**348**	-	**1,256**	**1,604**
Terminations and other adjustments	-	-	**(167)**	**(167)**
Re-measurement of lease liabilities	-	-	**(123)**	**(123)**
Less: Amortisation	**(315)**	**(119)**	**(1,881)**	**(2,315)**
31 December 2021	**258**	**231**	**4,446**	**4,935**

8b. Lease liabilities

	2021 RO'000	2020 RO'000
Lease liabilities	**5,139**	6,052
Current portion	**1,944**	1,265
Non-current portion	**3,195**	4,787
	5,139	6,052
At 1 January	**6,052**	3,801
Addition	**1,604**	4,109
Terminations and other adjustments	**(174)**	(598)
Re-measurement of lease liabilities	**(123)**	518
Add: interest cost (Note 22)	**352**	304
Less: payments during the year	**(2,572)**	(2,082)
At 31 December	**5,139**	6,052

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2021 (*continued*)

8b. Lease liabilities (*Continued*)

The Company lease several assets including buildings, equipment and vehicles. The average lease term is 5 to 8 years (2019: 5 to 8 years). During the year, certain contracts for buildings and equipments were modified. This resulted in the re-measurement of lease liabilities reduce by RO 123 thousand (2020: increased by RO 518 thousand). The corresponding adjustment was made to right-of-use assets.

Amounts recognised in profit and loss	**2021 RO'000**	2020 RO'000
Depreciation expense on right-of-use assets	**2,315**	1,887
Interest expense on lease liabilities	**352**	304
Expense relating to short-term leases	**7**	27
	2,674	2,218

9a Trade and other receivables

	2021 RO'000	2020 RO'000
Trade receivables from non - related parties	**32,252**	22,370
Trade receivable from a related party (note 24)	**3,360**	3,842
Less: allowance for expected credit losses	**(116)**	(222)
	35,496	25,990
Deposits	**7**	667
Insurance claims receivable	**29**	29
	35,532	26,686

The ageing of trade receivables and receivable from a related parties at the reporting date was:

	Gross 2021 RO'000	**Impairment 2021 RO'000**	Gross 2020 RO'000	Impairment 2020 RO'000
Not past due	**32,005**	-	22,412	-
Past due 1-90 days	**2,742**	-	2,994	-
Past due 91-180 days	**561**	-	307	-
Past due 181-270 days	**35**	-	76	-
Past due 271-360 days	**232**	**79**	58	-
More than one year	**37**	**37**	365	222
	35,612	**116**	26,212	222

9a Trade and other receivables (*continued*)

Movement in the allowance for impaired debt is as follows:

	2021 RO'000	2020 RO'000
Balance as at 1 January	**222**	345
(Charge) / reversal for the year	**(13)**	123
Less: Write-off during the year	**(93)**	(246)
Balance as at 31 December	**116**	222

At 31 December 2021, revenue generated by financed assets are assigned in favour of commercial banks under the terms of the Facility (note 14).

The Company has concentration of credit risk with respect to trade debtors and, at the reporting date 90% (2020: 87%) of trade receivables are due from four customers. These are reputed customers with good track record of payments and the Company monitors the receivable position on a regular basis.

9b Advance and prepayments

Advance to suppliers	**11,247**	31,883
Advance to employees	**1**	12
Prepayments	**1,036**	703
Balance as at 31 December	**12,284**	32,598

10 Inventories

	2021 RO'000	2020 RO'000
Stores, spares and consumables	**14,895**	14,531
Provision for inventory	**(732)**	-
Balance as at 31 December	**14,163**	14,531

Movement in the provision for inventory is as follows:

	2021 RO'000	2020 RO'000
Balance as at 1 January	**-**	-
Charge for the year	**732**	-
Balance as at 31 December	**732**	-

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2021 (*continued*)

11a Cash and bank balances

	2021 RO'000	2020 RO'000
Cash on hand	**70**	66
Cash at bank (current accounts)	**7,605**	2,326
Total cash and bank balances	**7,675**	2,392

11b Bank Term Deposit

Bank Term Deposit	**9,958**	4,751

Bank term deposit consists of fixed deposits denominated in Rial Omani and carry annual effective interest rate of between 3.80% to 4.50% p.a. (2020 – 4.25% to 4.35% p.a.). The Company has the flexibility to liquidate the fixed deposits before the scheduled maturity dates.

12 Share capital

	2021 RO'000	2020 RO'000
Share capital		
Authorised share capital		
200,000,000 (2020: 200,000,000) shares of RO 1 each	**200,000**	200,000
Issued and paid up share capital		
77,020,000 (2020: 77,020,000) shares of RO 1 each	**77,020**	77,020

Paid and proposed dividend

During the year, the Company had paid dividend of 43.92 baisa per share amounting to RO 3,382,500 relating to financial year 2020 (2020: 27.87 baisa per share amounting to RO 2,146,200 relating to the financial year 2019) representing 30% of profit after tax.

The Board of Directors in its meeting held on 07th March 2022, recommended cash dividend of 71.70 Baisa per share amounting to RO 5,523,900for the year 2021 representing 30% of profit after tax subject to approval of the shareholders.

13 Legal reserve

The Commercial Companies Law requires that 10% of the Company's profit be transferred to a non-distributable legal reserve until the amount of legal reserve becomes equal to one-third of the Company's share capital. This reserve is not available for distribution.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

14 Term loans

	Maturity	2021 RO'000	2020 RO'000
Total			
Term loan I [note 14 (a)]	May 2021	-	3,033
Term loan II [note 14 (b)]	Nov 2025	**17,622**	19,580
Term loan III [note 14 (c)]	December 2025	**25,956**	28,840
Term loan IV [notes 14 (d)]	December 2025	**8,529**	9,721
Term loan V [note 14 (e)]	December 2029	**35,923**	23,594
Term loan VI [note 14 (f)]	December 2029	**14,944**	3,371
		102,974	88,139
Non-current portion			
Long term loan II	Nov 2025	**14,685**	17,622
Long term loan III	December 2025	**21,630**	25,956
Long term loan IV	December 2025	**7,419**	8,698
Long term loan V	December 2029	**30,835**	23,594
Long term loan VI	December 2029	**13,075**	-
		87,644	75,870
Current portion			
Long term loan I	May 2021	-	3,033
Long term loan II	Nov 2025	**2,937**	1,958
Long term loan III	December 2025	**4,326**	2,884
Long term loan IV	December 2025	**1,110**	1,023
Long term loan V	December 2029	**5,088**	-
Long term loan VI	December 2029	**1,869**	3,371
		15,330	12,269

(a) Term loan I

The term loan was denominated in US Dollars and 60% of the term loan was repayable in 13 consecutive half-yearly instalments of US $ 908,836 (RO 349,993) each. The final instalment of US $ 7.88 million (RO 3.03 million), representing 40% of term loan, was fully repaid in May 2021. Interest on the term loan was payable at 3 months LIBOR plus fixed margin.

(b) Term loan II

The term loan is denominated in Omani Rials. During the year the closing balance as of 31 December 2020 was restructured. The term loan is repaid in 20 quarterly installments. The last instalment is repayable in November 2025. Interest on the term loan is payable at Central Bank of Oman's weighted average interest rate on Deposit (WAIRD) for private sector OMR time deposits Plus fixed margin.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2021 (*continued*)

14 Term loans (*continued*)

(c) Term loan III

The term loan is denominated in Omani Rials. During the year the closing balance as of 31 December 2020 was restructured. The term loan is repayable in 20 quarterly installments.

The last instalment is repayable in December 2025. Interest on the term loan is payable at Central Bank of Oman 3 month Treasury Bill Rate plus a margin, and is subject to reset on annual review basis.

(d) Term loan IV

The term loan is denominated in Omani Rials and 60% of the term loan is repayable in 27 quarterly instalments of RO 255,822 each. The 28th final instalment of RO 4.6 million, representing 40% of term loan, is repayable in year 2025. Interest on the term loan is payable on monthly basis and the interest rates are reset on annual review basis.

(e) Term loan V

The term loan is denominated in US Dollars. Principal term loan repayment are in eight years as 32 equal quarterly instalments. First repayment commenced on three months after the availability period (30.09.2021). The final maturity of the Facility will be 31.12.2029. Interest on the term loan is payable at 3 months LIBOR plus fixed margin.

(f) Term loan VI

In 2021, the Company has availed the term loan which is denominated in USD to finance the new projects for the purchase of two Rigs and other company assets. The full drawdown will be completed by December 2022. The repayments will commence on March 2022. The final maturity of the loan will be on December 2029. Interest on the term loan is payable at 3 months LIBOR plus fixed margin.

Security terms for the above loans

Securities for the loans are as follows:
- Clean loan with no charge on the assets financed.
- Assignment of revenues for the assets financed from the clients to the commercial bank.
- Negative lien over the assets financed through management undertaking to the commercial bank (note 5).
- Letter of Awareness from the Shareholders
- There is no breach on any of the covenants of the company bankers facilities documents.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

15. Deferred income, deferred payment obligation and deferred expenses

15a Deferred income

An analysis of deferred income is set out below:

	2021 RO'000	2020 RO'000
Deferred income	**3,161**	1,960
Current portion	**1,024**	1,057
Non-current portion	**2,137**	903
	3,161	1,960
Balance as at 1 January	**1,960**	2,278
Add: income received during the year	**3,401**	652
Less: income recognised during the year	**(2,200)**	(970)
Balance as at 31 December	**3,161**	1,960

In line with the Company's accounting policy, mobilization income is accounted over the firm contract period and accordingly the revenue pertaining to future period is deferred.

15b Deferred payment obligation

An analysis of deferred payment obligation is set out below:

	2021 RO'000	2020 RO'000
Deferred payment obligation	**1,038**	1,992
Current portion	**1,038**	989
Non-current portion	**-**	1,003
	1,038	1,992
At 1 January	**1,992**	3,043
Add: unwinding of interest cost (note 22)	**55**	52
Less: payments during the year	**(1,009)**	(1,103)
At 31 December	**1,038**	1,992

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2021 (*continued*)

15. Deferred income, deferred payment obligation and deferred expenses

15b Deferred payment obligation (*Continued*)

The Company has assessed its import permits for temporary import of rigs / other assets and possibility of re-export of these assets out of Oman upon completion of the relevant contract. In line with the market assessment carried out, the Company has determined that it might not be possible for it to re-export the assets imported on temporary permits to another countries or free zone area. In view of this, the Company made provision for custom duty payable upon expiry of the firm and optional period of its relevant contracts. The amount payable was discounted to the present and was capitalized to the individual assets imported. Depreciation on amount so capitalized was charged over the remaining useful lives of these assets.

15c. Deferred expenses

An analysis of deferred expense is set out below:

	2021 RO'000	2020 RO'000
Deferred expenses	**378**	600
Current portion	**191**	256
Non-current portion	**187**	344
	378	600
1 January	**600**	667
Add: cost incurred during the year	**66**	258
Less: cost accounted during the year	**(288)**	(325)
31 December	**378**	600

In line with the Company's accounting policy, mobilization cost on existing rigs for a new contract is accounted over the firm contract period and accordingly the expenses pertaining to future period is deferred.

16 Employees' end of service benefits

At 1 January	**1,694**	1,662
Add: cost incurred during the year	**283**	315
Less: cost recognized in profit or loss during the year	**(123)**	(283)
At 31 December	**1,854**	1,694

17a Trade payables

	2021 RO'000	2020 RO'000
Payables for acquisition of assets	**16,622**	5,954
Trade payables	**8,141**	5,838
	24,763	11,792

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2021 (*continued*)

17b Other payables

	2021 RO'000	2020 RO'000
Other accrued expenses	**3,235**	3,484
Leave encashment payable	**3,057**	2,612
Performance bonus payable	**2,226**	1,308
Due to a related party (note 24)	**1,045**	536
Accrued interest	**111**	593
Employee payable	**64**	(19)
Other Payable	**41**	-
	9,779	8,514

18 Revenue from contracts with customers

	2021 RO'000	2020 RO'000
Disaggregation of revenue:		
Revenue recognized over time:		
Contract revenue - leased operating asset	**19,499**	17,989
Contract revenue - other services	**101,438**	82,224
Revenue recognized point in time:		
Contract revenue - product	**3,574**	4,973
	124,511	105,186

19 Cost of Sales

Employee related cost	**41,350**	34,761
Depreciation and amortization (note 5)	**19,568**	17,437
Materials and spares consumed	**16,463**	14,782
Transportation	**5,941**	5,443
Camp and catering cost	**2,834**	2,356
Equipment rentals	**1,147**	1,351
Repairs and maintenance	**1,160**	928
Inspection	**966**	771
Back chargeable charges	**777**	860
Insurance	**653**	403
Vehicle running	**380**	310
Mobilization / demobilization expenses	**291**	258
Communication	**279**	266
Water and electricity	**187**	53
Business travel	**175**	138
Vehicle rentals	**47**	15
Miscellaneous	**101**	177
	92,319	80,309

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

20 General and administrative expenses

	2021 RO'000	2020 RO'000
Employee related costs	**3,633**	5,230
Depreciation and amortization (note 5)	**418**	692
Consumables and materials consumed	**333**	64
Repairs and maintenance	**263**	408
Legal and professional	**188**	433
Directors - other remuneration (note 24)	**279**	140
Miscellaneous	**66**	85
Rent	**55**	29
Communication	**45**	62
Water and electricity	**28**	26
Advertisement and sales promotion	**26**	4
Insurance	**21**	(22)
Printing and stationary	**17**	11
Vehicle running	**16**	75
Directors - sitting fees (note 24)	**13**	27
Business travel	**5**	10
Vehicle rentals	**8**	10
Food expenses	**3**	5
Subscription and membership	**6**	9
Transportation charges	**-**	6
Equipment rentals	-	3
	5,423	7,307

21a Other expenses

	2021 RO'000	2020 RO'000
Loss on Major Overhauling of Assets	**919**	749
Loss on sale of assets	**22**	411
	941	1,160

21b Other income

	2021 RO'000	2020 RO'000
Sale of scrap	**389**	15
Miscellaneous Income	**-**	6
	389	21

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

22 Finance costs and finance income

An analysis of finance cost is set out below:		
Interest on long term loans	**3,754**	3,134
Unwinding of interest on deferred payment obligation (note 15)	**55**	52
Bank charges / exchange fluctuations	**146**	105
Interest on lease liabilities (note 8b)	**352**	304
	4,307	3,595
An analysis of finance income is set out below:		
Interest income on fixed deposits	**218**	455
Interest income on call accounts	**8**	8
	226	463

23 Taxation

Recognized in profit or loss:

	2021 RO'000	2020 RO'000
Statement of profit or loss:		
Current tax:		
Current year	**3,237**	2,007
Prior year	**40**	95
Deferred tax:		
Current year	**(9)**	34
Prior years	**(168)**	11
	3,100	2,147

The Company is subject to income tax at the rate of 15% of taxable profits.
The following is a reconciliation of income taxes calculated at the applicable tax rate with the income tax expenses:

	2021 RO'000	2020 RO'000
Reconciliation		
Profit before tax	**21,513**	13,422
Income tax as per rates mentioned above	**3,227**	2,013
Non-deductible expenses	**1**	27
Prior year adjustment - deferred tax	**(168)**	11
Prior year adjustment - Current tax	**40**	96
Tax expense for the year	**3,100**	2,147
Current tax payable		
Current tax payable	**3,234**	2,283

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

23 Taxation (*continued*)

The deferred tax (liability) / asset comprises the following temporary differences:

2021	As at 1 January RO'000	(Charge) / reversal to profit or loss RO'000	As at 31 December RO'000
Property, plant and equipment	(4,940)	110	(4,830)
Deferred payment obligation	191	(151)	40
Unwinding of interest on deferred payments	108	8	116
Provision for impairment	33	(16)	17
Deferred income	294	180	474
Deferred expenses	(90)	33	(57)
Right-of-use assets and lease liabilities	18	13	31
Net deferred tax (liability) / asset	(4,386)	177	(4,209)

2020	As at 1 January RO'000	(Charge) / reversal to profit or loss RO'000	As at 31 December RO'000
Property, plant and equipment	(5,097)	157	(4,940)
Deferred payment obligation	356	(165)	191
Unwinding of interest on deferred payments	100	8	108
Provision for impairment	52	(19)	33
Deferred income	342	(48)	294
Deferred expenses	(100)	10	(90)
Right-of-use assets and lease liabilities	5	13	18
Net deferred tax (liability) / asset	(4,342)	(44)	(4,386)

The tax returns of the Company up to the years 2016 has been agreed with the Secretariat General for Taxation at the Ministry of Finance. The Company received tax assessment order for 2017 based on which additional tax was demanded by the tax authorities. The Company is in the process of filing an Objection letter against the additional tax demanded. As per the demand raised by the Tax Authorities, a provision of RO 14,400 has been created for the year 2017 to cover the additional tax liability.

The Board of Directors are of the opinion that additional taxes, if any, related to the open tax years would not be significant to the Company's financial position as at 31 December 2021.

24 Related party transactions and balances

The Company has entered into transactions with shareholders and entities over which shareholders have the ability to control or exercise significant influence in financials and operating decisions. The transactions are in the normal course of business and terms of providing and receiving such transactions are comparable with those that could be obtained from third parties. Details of significant related party transactions and the balances involved are as follows:

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

24 Related party transactions and balances (*continued*)

	2021 RO'000	2020 RO'000
Sale of goods and services		
Revenue from Parent Company	**15,685**	11,051
Purchases of goods and services		
Fuel, lubricants and others from Oman Oil Marketing Company SAOG	**2,318**	4,190
Dividend paid to shareholders (note 12)	**3,383**	2,146
Directors - sitting fees (note 20)	**13**	27
Directors - other remunerations (note 20)	**279**	140

	2021 RO'000	2020 RO'000
Key management compensation		
Basic salaries and allowances	**714**	813
End of service benefits	**6**	7
	720	820
Related party balances		
Receivable from the Parent Company (note 9)	**3,360**	3,842
Payable to Oman Oil Marketing Company SAOG – other related party (note 17)	**1,045**	536

25 Contingent liabilities

The Company has contingent liabilities in respect of bank guarantees and other matters arising from the legal cases of Company from which it is anticipated that no material liabilities will arise. At 31 December 2021, contingent liabilities includes bank guarantees and performance bonds issued by the Company amounting to RO 8,633,025 (2020: RO 5,971,028) and nil contingent liabilities from legal cases (2020 is nil).

26 Commitments

As at 31 December 2021, the Company had contractual capital commitments of RO 18,063,425 (2020: RO 22,544,377).

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

27 Financial risk management

Financial instruments carried on the statement of financial position comprise trade and other receivables, cash and cash equivalents, trade and other payables and borrowings.

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been impacted.

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to mitigate the potential adverse effects on the Company's financial performance.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

As at December 2021, though the Company has significant bank balances, Management believes that the risk arising out of these balances are minimal as these are with local banks with good financial standing.

Bank balance		**2021** **RO'000**	2020 RO'000
FAB	**AA3**	**9**	33
NBO	**BAA3**	**2,373**	900
Bank Muscat	**BAA2**	**14**	195
Ahli bank	**BAA3**	**2**	22
HSBC bank	**BAA2**	**488**	242
Oman Arab Bank	**BAA3**	**4,602**	219
Alinma Bank Saudi	**A-**	**10**	10
Bank Dhofar	**BAA3**	**10,065**	5,456
Total (Note 11)		**17,563**	7,077

The Company does not foresee any significant increase in credit risk based on the financial condition of the bank and other factors if any, since the date such financial asset is being originated as the bank's credit ratings have not gone down by two notches after the date of deposit till the date of the financial statement.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

27 Financial risk management (*continued*)

Financial risk factors (*continued*)

Credit risk (*continued*)
For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at expected credit loss (ECL). The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company's exposure to credit risk on trade and other receivables is influenced mainly by the individual characteristics of each customer. The Company has a significant concentration of credit risk as below.

As at the reporting date the Company has provided for RO 116 thousand (2020: RO 222 thousand) as total provision for impaired debts from its customers (note 9). Apart from this, management believes that the Company is not exposed to any significant credit risk.

The following table details the risk profile of trade receivables based on the Company's provision matrix :

Calculation of ECL provision trade receivables – provision matrix approach

As of 31 December 2021	Net carrying amount before ECL	ECL %	Lifetime ECL	Net carrying amount after ECL
Not past due	32,005	-	-	32,005
1-90 days	2,742	-	-	2,742
91-180 days	561	-	-	561
181-270 days	35	-	-	35
271-365 days	232	34.05%	79	153
> 365 days	37	100.00%	37	-
Total	35,612	0.32%	116	35,496

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

27 Financial risk management (*continued*)

Financial risk factors (*continued*)

Credit risk (*continued*)

Calculation of ECL provision trade receivables – provision matrix approach

	Net carrying amount before ECL	ECL %	Lifetime ECL	Net carrying amount after ECL
As of 31December 2020				
Not past due	22,412	-	-	22,412
1-90 days	2,994	-	-	2,994
91-180 days	307	-	-	307
181-270 days	76	-	-	76
271-365 days	58	-	-	58
> 365 days	365	60.82%	222	143
Total	26,212	0.84%	222	25,990

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The detail maturities of the Company's financial liabilities, at reporting date are given below:

Non-derivative financial liabilities

	Carrying amount RO'000	Less than 1 year RO'000	1 to 2 year RO'000	More than 2 years RO'000
31 December 2021				
Term loans	102,974	15,398	17,302	70,274
Interest on term loans	-	4,876	4,510	8,833
Lease liabilities	5,139	1,944	971	2224
Lease Liabilities interest	-	245	155	188
Trade and other payables	34,542	34,542	-	-
	142,655	**57,005**	**22,938**	**81,519**

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

27 Financial risk management (*continued*)

Financial risk factors (*continued*)

Liquidity risk (*continued*)

Non-derivative financial liabilities (*continued*)

	Carrying amount RO'000	Less than 1 year RO'000	1 to 2 year RO'000	More than 2 years RO'000
31 December 2020				
Term loans	88,139	10,584	11,657	65,898
Interest on term loans	-	4,799	4,786	12,031
Lease liabilities	6,052	1,265	943	3,844
Lease Liabilities interest	-	289	155	87
Trade and other payables	20,306	20,306	-	-
	114,497	37,243	17,541	81,860

Future interest payable for floating rate loans is computed based on the year-end floating rates.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign currency risk

The Company's functional and presentation currency is Rial Omani. The Company's contracts with its clients are entered in US $ as well as in Rial Omani and therefore its receipts are in US $ and in Rial Omani. Part of the Company's expenses are in US $ and partly in Rial Omani. However, since Rial Omani is effectively pegged to US $, the Company is not exposed to any significant currency risks.

Interest rate risk

The Company is exposed to interest rate risk since substantial of its borrowings are on fluctuating interest rates. However, the risk is limited to 3 months LIBOR since the spread of fixed basis points is fixed for the tenure of the loan.

Cash flow sensitivity analysis for variable rate instruments
A change of 20 basis points in interest rates as at 31 December would have increased (decreased) equity by the amounts shown below:

	Equity			
	2021		2020	
	20 bp Increase	**20 bp Decrease**	20 bp Increase	20 bp Decrease
Interest rate expense	**(139)**	**139**	(27)	27

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

28 Capital management

The Company's policy is to maintain a strong capital base to sustain future development of the business. The management monitors the return on equity, which the Company defines as net profit divided by total shareholders' equity on weighted average basis.

Board of Directors in their meeting dated, 9 June 2012 had approved revision of composition of Company wide capital structure of the Company as follows: equity (30%): subordinated debt (5%): debt (65%). The same has been approved by the Ultimate Parent Company (OQ) and by the shareholders in the General Meeting held on 6 January 2013. The Company is not subject to externally imposed capital requirements, except those under Commercial Companies Law, as amended.

29 Fair value of financial assets and liabilities

The fair value of the financial assets and liabilities approximates their carrying value as stated in the statement of financial position.

30 Changes in cash flows from financing activities

	Term loan RO'000	Short term loan RO'000	Lease liabilities RO'000
1 January 2021	**88,139**	-	**6,052**
Disbursement/ availed during the period	**25,990**	-	**1,666**
Repayments during the period	**(11,155)**	-	**(2,579)**
31December 2021	**102,974**	-	**5,139**
Change in cash flows	**14,835**	-	**(913)**
1 January 2020	80,389	1,200	3,801
Disbursement/ availed during the period	23,081	5,084	4,333
Repayments during the period	(15,331)	(6,284)	(2,082)
31December 2020	88,139	-	6,052
Change in cash flows	7,750	(1,200)	2,251

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2021 (*continued*)

31. Comparative figures

The following figure has been reclassified to conform to the current year presentation adapted in these financial statements for the purpose of better presentation.

Description	**Amount in RO**	**Head of account in financial statements for the period ended 31 December 2021 after reclassification**	**Head of account in financial statements for the year ended 31 December 2020 before reclassification**
Advances and Prepayments was included in trade and other receivables	**12,284**	Advances and prepayments	Trade and other receivables
Bank Term Deposit was included in Cash and bank balances	**9,958**	Bank term deposit	Cash and bank balances
Other payables was included in Trade payables and other payables	**10,125**	Other payables	Trade payables and other payables
Other Income was included in other expenses	**389**	Other income	Other expenses

32 Approval of financial statements

The financial statements will be presented for approval by the shareholders and authorized for issue on 13th March, 2022.

ABRAJ ENERGY SERVICES SAOC

Report and financial statements
for the year ended 31 December 2020

ABRAJ ENERGY SERVICES SAOC

Report and financial statements
for the year ended 31 December 2020

Deloitte.

Deloitte & Touche (M.E.) & Co. LLC
Minaret Al Qurum Building, Level 6
Al Qurum
P.O. Box 258, Postal Code 112
Muscat
Sultanate of Oman

Tel: +968 22354300
Fax: +968 22354333
www.deloitte.com

1

Independent auditor's report to the shareholders of Abraj Energy Services SAOC

Report on financial statements

Opinion

We have audited the financial statements of **Abraj Energy Services SAOC** (the "Company"), which comprise of the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and Commercial Companies Law and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Deloitte.

Independent auditor's report to the shareholders of Abraj Energy Services SAOC (continued)

Auditor's responsibilities for the audit of the financial statements

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

Report on other legal and regulatory requirements

In our opinion, the financial statements comply, in all material respects, with the relevant disclosure requirements of the Commercial Companies Law.

Deloitte & Touche

Deloitte & Touche (M.E.) & Co. LLC
Muscat, Sultanate of Oman
10 March 2021

ABRAJ ENERGY SERVICES SAOC

3

Statement of financial position at 31 December 2020

	Notes	2020 RO'000	2019 RO'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	153,646	155,524
Capital work-in-progress	6	4,098	3,518
Intangible assets	7	170	230
Deferred expenses - non-current	15	344	459
Right-of-use assets	8a	5,936	3,765
Total non-current assets		164,194	163,496
Current assets			
Trade and other receivables	9	59,284	33,240
Inventories	10	14,531	12,610
Cash and bank balances	11	7,143	14,119
Deferred expenses - current	15	256	208
Total current assets		81,214	60,177
Total assets		245,408	223,673
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	77,020	77,020
Legal reserve	13	5,569	4,441
Retained earnings		36,007	28,006
Total equity		118,596	109,467
Non-current liabilities			
Term loans – non-current portion	14	75,870	60,834
Deferred payment obligation	15	1,003	1,955
Deferred income	15	903	1,366
Deferred tax liability	22	4,386	4,342
Employees' end of services benefits	16	1,694	1,662
Lease liabilities - non-current portion	8b	4,787	2,536
Total non-current liabilities		88,643	72,695
Current liabilities			
Term loan - current portion	14	12,269	19,555
Short term loan		-	1,200
Lease liabilities – current portion	8b	1,265	1,265
Trade and other payables	17	20,306	15,952
Deferred income	15	1,057	912
Deferred payment obligation	15	989	1,088
Income tax payable	22	2,283	1,539
Total current liabilities		38,169	41,511
Total liabilities		126,812	114,206
Total equity and liabilities		245,408	223,673

These financial statements were approved and authorized for issue by the Board of Directors on 10 March 2021 and signed on their behalf by:

Director - Finance | Managing Director | Chairman

The accompanying notes form an integral part of these financial statements.

ABRAJ ENERGY SERVICES SAOC

Statement of comprehensive income for the year ended 31 December 2020

	Notes	2020 RO'000	2019 RO'000
Revenue	18	105,186	100,342
Direct cost	19	(80,309)	(81,406)
Gross profit		24,877	18,936
General and administrative expenses	20	(7,307)	(6,304)
Other expenses		(1,139)	(620)
Expected credit loss reversal / (charge) on trade receivables	9	123	(226)
Finance costs	21	(3,595)	(4,214)
Finance income	21	463	870
Profit before tax		13,422	8,442
Income Tax	22	(2,147)	(1,288)
Profit and total comprehensive income for the year		11,275	7,154

The accompanying notes form an integral part of these financial statements.

ABRAJ ENERGY SERVICES SAOC

Statement of changes in equity for the year ended 31 December 2020

	Share capital RO'000	Legal reserve RO'000	Retained earnings RO'000	Total RO'000
At 1 January 2019	77,020	3,726	22,968	103,714
Profit and total comprehensive income for the year	-	-	7,154	7,154
Transfer to legal reserve	-	715	(715)	-
Transaction with owners recorded directly in the equity:				
Dividend paid	-	-	(1,401)	(1,401)
At 1 January 2020	**77,020**	**4,441**	**28,006**	**109,467**
Profit and total comprehensive income for the year	-	-	**11,275**	**11,275**
Transfer to legal reserve		**1,128**	**(1,128)**	-
Transaction with owners recorded directly in the equity:				
Dividend paid	-	-	**(2,146)**	**(2,146)**
At 31 December 2020	**77,020**	**5,569**	**36,007**	**118,596**

The accompanying notes form an integral part of these financial statements.

ABRAJ ENERGY SERVICES SAOC

6

Statement of cash flows
for the year ended 31 December 2020

	Notes	2020 RO'000	2019 RO'000
Operating activities			
Profit before taxation		13,422	8,442
Adjustments for:			
Depreciation and amortisation	5	18,129	19,043
Deferred income		(319)	(478)
Deferred payment obligation	15	(1,051)	(1,091)
Major overhauling		749	636
Write off property, plant and equipment		399	-
Deferred cost		66	(120)
Interest expense		3,595	4,214
Interest income		(463)	(870)
End of service benefits charge	16	315	319
Lease adjustment		(26)	-
Operating cash flows before working capital changes		34,816	30,095
Working capital changes:			
Inventories		(1,921)	(789)
Trade and other receivables		(26,045)	(4,725)
Trade and other payables		4,354	(1,336)
Cash flows from operating activities		11,204	23,245
Income tax paid		(1,358)	(635)
Employees' end of service benefits paid	16	(283)	(140)
Net cash from operating activities		9,563	22,470
Cash flows from investing activities:			
Purchase of property, plant and equipment	5	(1,635)	(2,947)
Proceeds from disposal of property, plant and equipment		15	-
Purchase of intangible asset		(121)	(26)
Additions to capital work-in-progress	6	(14,292)	(13,171)
Interest received		463	870
Net cash used in investing activities		(15,570)	(15,274)
Cash flows from financing activities			
Disbursement of loans	29	28,165	12,384
Repayment of loans	29	(21,615)	(31,329)
Dividend paid		(2,146)	(1,401)
Interest paid		(3,291)	(4,040)
Payment of lease liabilities	29	(2,082)	(2,165)
Net cash used in financing activities		(969)	(26,551)
Net change in cash and cash equivalents		(6,976)	(19,355)
Cash and cash equivalents at 1 January		14,119	33,474
Cash and cash equivalents at 31 December	11	7,143	14,119

The accompanying notes form an integral part of these financial statements.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020

1 Corporate information and activities

Abraj Energy Services SAOC (the "Company") is a closed joint stock company registered in the Sultanate of Oman. The Company was incorporated on 24 May 2006 and commenced its commercial operations on 4 March 2007. The Company is a subsidiary of OQ Exploration and Production LLC (the "Parent"), a limited liability company incorporated in Sultanate of Oman. The ultimate parent company is OQ SAOC (the "Ultimate Parent"), a closed joint stock company incorporated in the Sultanate of Oman.

The registered address of the Company is P O Box 1156, Postal Code 130, Azaiba, Sultanate of Oman.

The Company's principal activities are provision of onshore drilling, workover, flowback, well testing, well intervention, cementing, fracturing, coil tubing, integrated project management and drilling fluids services.

2 Adoption of new and revised International Financial Reporting Standards (IFRS)

2.1 New and revised IFRSs that are effective for the current year

In the current year, the Company has applied a number of other amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2020. The adoption of the following IFRSs have not had any material impact on the disclosures or on the amounts reported in these financial statements and are listed below.

- *Amendments to references to the conceptual framework in IFRS standard*
- *Amendments to IFRS 3 - definition of a business*
- *Amendments to IAS 1 and IAS 8 - definition of material*
- *Amendments to IFRS 9, IAS 39 and IFRS 7 - interest rate benchmark reform*
- *Amendment to IFRS 16 - Covid-19 related rent concessions*

The above amendments had no impact on the financial statements of the Company.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2020 (continued)

2 Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.	1 January 2023
Amendments to IFRS 10 Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted
Amendments to IAS 1 – *classification of liabilities as current or non-current*	1 January 2023
Amendments to IFRS 3 – *Reference to the conceptual framework*	1 January 2022
Amendments to IAS 16 – *Property, plant and equipment – proceeds before intended use*	1 January 2022
Amendments to IAS 37 – *Onerous contracts – cost of fulfilling a contract*	1 January 2022
Annual improvements to IFRS Standards 2018-2020 cycle Amendments to IFRS 1 First-time adoption of IFRS, IFRS 9 Financial instruments, IFRS 16 Leases, and IAS 41 Agriculture	1 January 2022

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements of the Company in the period of initial application.

2.3 Interest rate benchmark reform

In July 2017, the United Kingdom Financial Conduct Authority (FCA), which regulates the London Interbank Offered Rate ('LIBOR') announced that the interest benchmark would cease after 2021. LIBOR is one of the most common series of benchmark interest rates. LIBOR reforms and expectations of cessation of LIBOR will impact the Company's current risk management strategy and possibly accounting for financial instruments. As at 31 December 2020, the Company has bank borrowings in US dollars amounting to RO 29.998 million (2019: RO 19.277 million)

The interest on bank borrowings are referenced to LIBOR. Refer note 14 to the financial statements for details of the interest on bank borrowings.

The reliefs under the standard have the effect that LIBOR reform should not generally cause substantial modification of the loan liability.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies

Basis of preparation and statement of compliance

The financial statements of the Company have been prepared on the historical cost basis in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the applicable requirements of the Commercial Companies Law.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The financial statements have been presented in Rial Omani ("RO") which is the currency of the country in which majority of the operations of the Company is carried out.

Significant accounting policies

The significant accounting policies adopted by the Company are set out below:

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent expenditure

The cost of replacing part of an item of plant and equipment and major repairs and inspections is recognized in the carrying amount of an item if it is probable that future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit or loss as incurred.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

Depreciation

Depreciation is charged on a straight-line basis over the estimated useful lives of items of property, plant and equipment. The estimated useful lives are as follows:

	Years
Rigs and well services equipment	3 - 30
Furniture and fixtures	3
Office and computer equipment	3 - 5
Motor vehicles	5 - 10
Major repairs and inspections	3 - 10
Building	10 - 30

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Capital work-in-progress

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees, costs of site preparation, installation and assembly costs and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such assets are classified to the appropriate categories of plant and equipment when completed and ready for intended use. Depreciation of these assets commence when the assets are ready for their intended use.

Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred. Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Amortization

Intangible assets are amortized on a straight-line basis over the estimated useful lives of individual assets. The estimated useful lives are as follows:

	Years
ERP software	7
Others	2-7

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

Significant accounting policies (continued)

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of ten years. Impairment losses of continuing operations, including impairment on inventories, are recognized in profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Financial assets

The Company's financial assets consists of cash and bank balances and trade and other receivables.

Classification
The Company on initial recognition classifies its non-derivative financial instruments in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (FVTPL); and
- those to be measured at amortised cost.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

Significant accounting policies (continued)

Financial assets (continued)

Classification (continued)
The classification depends on the entity's business model for managing the financial instruments and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI).

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the Company measures a financial asset at its fair value. Changes in the fair value of financial assets at FVPL are recognised in other gains / (losses) in the profit or loss as applicable.

Trade and other receivables
At initial recognition, the Company measures its trade receivables at transaction cost and subsequently measured at amortised cost using the effective interest rate method, less expected credit loss allowance. Trade receivables are generally due for settlement within three months and therefore, are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore, measures them subsequently at amortised cost using the effective interest rate method.

Impairment
The Company assesses on a forward looking basis the expected credit losses associated with its financial instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and due from related parties, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents consist of cash on hand, balances with bank and term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in values.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average principle and includes all costs incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is the estimated replacement cost of the inventories.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss account. A financial liability is classified as at fair value through profit or loss account if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

The Company determines the classification of financial liabilities on initial recognition. Subsequent reclassification are not allowed.

The Company's financial liabilities comprise term loans, short term loans and trade and other payable that are subsequently measured at amortized cost using the effective interest method, if applicable.

The effective interest method is the method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss account.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Employees' end of service benefits

Provision in respect of employee benefits for non-Omani employees is made in accordance with the Oman Labour laws, and is based on current remuneration and cumulative years of service at the reporting period date.

Retirement benefits for Omani employees are contributed in accordance with the terms of the Social Insurance Law of 1991, as amended, from time to time. Such contributions are expensed when incurred.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

Significant accounting policies (continued)

Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation, as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. All other borrowing costs are recognized as expenses in the period in which they are incurred.

Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease or, if that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

Significant accounting policies (continued)

Leases (continued)

The Company as a lessee (continued)

Lease liability (continued)
Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a line item in the statement of financial position.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use asset
The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

Significant accounting policies (continued)

Leases (continued)

Right-of-use asset (continued)
Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cast of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate note line item in the property, plant and equipment. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Operating expense's in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

Significant accounting policies (continued)

Revenue

Under IFRS 15, Revenue is recognized when a customer obtains control of the goods or services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Variable consideration
Variable consideration amounts are estimated at either their expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not reverse.

Contract modification
A contract modification occurs when the Company and the customer approve a change in the contract that either creates new enforceable rights and obligations or changes the existing enforceable rights and obligations. Revenue related to a modification is not recognised until it is approved. Approval can be in writing, oral, or implied by customary business practices.

The Company treats the contract modification as a separate contract if it results in the addition of a separate performance obligation and the price reflects the standalone selling price of that performance obligation. Otherwise, a modification (including those that only affect the transaction price) is accounted for as an adjustment to the original contract, either prospectively or through a cumulative catch-up adjustment.

The Company accounts for a modification prospectively if the goods or services in the modification are distinct from those transferred before the modification. Conversely, the Company accounts for a modification through a cumulative catch-up adjustment if the goods or services in the modification are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified.

Cost of obtainment and fulfilment
The Company capitalizes incremental costs to obtain a contract with a customer if the fulfilment costs meet the following criteria:

- Relate directly to an existing contract or specific anticipated contract;
- Generate or enhance resources that will be used to satisfy performance obligations in the future; and
- Are expected to be recovered.

The Company amortizes the asset recognized for the costs to obtain and/or fulfil a contract on a systematic basis, consistent with the pattern of transfer of the good or service to which the asset relates. In the case of an impairment, the Company recognizes these losses to the extent that the carrying amount of the asset exceeds the recoverable amount.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

Significant accounting policies (continued)

Revenue (continued)

Revenue is measured based on the consideration to which the Company expects to be entitled in the contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a service or product to a customer.

Service revenue
The Company' contractual day rate currently does not have the split between the rate for leased asset and other services so currently the Company allocates total transaction price to revenue from leased assets and other service revenue. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is assessed by reference to billing sheets prepared by the Company and approved by customers.

Mobilization revenue (for existing asset & for new operating asset) is recognized net of delayed start-up penalty, if any from client, over the firm contract period of the contract. In case of existing assets mobilization costs, if any, will also be amortized over the firm period of the contract. However, in case of new operating asset, the mobilization cost forms part of the commissioning cost of the asset.

Contract revenue from leased assets
The Company has calculated the revenue from leased assets based on the depreciation calculated on the gross block of the asset with average life adding the markup.

Sales of products
Revenue from the sale of goods is recognized when the controls of the products has transferred to the buyers.

Finance income

Interest revenue is recognized as the interest accrues using the effective interest method, under which the rate used exactly discounts, estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset

Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

Significant accounting policies (continued)

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Taxable profit differs from profits as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary difference when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Carrying amount of the deferred tax assets is reviewed at end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intend to settle its current tax assets and liabilities on a net basis.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting dates are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in the profit or loss.

Director's remuneration

The Directors' remuneration is governed as set out in the Commercial Companies Law, regulations issued by the Capital Market Authority and as stated in the Articles of Association of the Company.

The Annual General Meeting determines and approves the remuneration and the sitting fees for the Board of Directors and its sub-committees provided such fees shall not exceed 5% of the annual net profit after deduction of the legal reserve and the optional reserve and notionally calculating or distributing the dividend to the shareholders at not less than 5% of the capital unless the Articles of the Association of the Company provides a higher rate. If the Company makes less profit to the extent that setting aside or distributing the entire dividends to shareholders is not possible, then it shall determine the annual remuneration at not more than RO 50,000.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020 (continued)

3 Summary of significant accounting policies (continued)

Significant accounting policies (continued)

Dividend on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's shareholders.

Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

4. Significant accounting judgements, estimates and assumptions

The presentation of financial statements, in conformity with IFRSs, requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditures. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the significant estimates used in the preparation of the financial statements:

Useful lives of property, plant and equipment

Depreciation is charged so as to write off the cost of assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

Impairment of property, plant and equipment

A decline in the value of property, plant and equipment could have a significant effect on the amounts recognized in the financial statements. Management assesses the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2020 (continued)

4. Significant accounting judgements, estimates and assumptions (continued)

Novel Coronavirus (Covid-19)

In January 2020, the World Health Organization ("WHO") announced a global health emergency due to the outbreak of coronavirus ("COVID-19"). Based on the rapid increase in exposure and infections across the world, WHO, in March 2020, classified the COVID-19 outbreak as a pandemic. Actions taken by governmental authorities, nongovernmental organizations, businesses and individuals around the world to slow the COVID-19 pandemic and associated consumer behaviour have negatively impacted forecasted global economic activity, thereby resulting in lower demand for oil. This has created a current and forecasted oversupply, precipitating the steep decline in oil prices and an increase in oil price volatility.

Management continues to closely monitoring the situation to manage the business disruption on its operations and financial performance. While circumstances are continually evolving, the risks are mitigated by the committed contract with its customer, preventive measures taken by management to mitigate operational risks; further cost cutting measures taken to improve financial resilience in the current environment.

Management has performed an assessment of the potential impact of the pandemic on its financial statements for the year ended and has concluded that there is no material impact to the operations or the profitability of the Company. As the situation is evolving, management will continue to monitor the situation and adjust its critical judgements and estimates, as necessary, during the course of 2021.

Notes to the financial statements
for the year ended 31 December 2020 (continued)

5 Property and equipment

	Rigs and well services equipment RO'000	Furniture and fixtures RO'000	Office and computer equipment RO'000	Motor vehicles RO'000	Building RO'000	Total RO'000
Cost						
At 1 January 2019	276,705	937	1,324	2,448	1,476	282,890
Additions during the year	2,947	-	-	-	-	2,947
Transfer from capital work-in-progress (note 6)	11,463	10	258	35	10	11,776
Disposals	(1,192)	-	-	(10)	-	(1,202)
At 1 January 2020	**289,923**	**947**	**1,582**	**2,473**	**1,486**	**296,411**
Additions during the year	**1,407**	**38**	**116**	**74**	**-**	**1,635**
Transfer from capital work-in-progress (note 6)	**11,465**	**21**	**78**	**187**	**1,961**	**13,712**
Disposals	**(13,287)**	**(102)**	**(4)**	**(129)**	**-**	**(13,522)**
At 31 December 2020	**289,508**	**904**	**1,772**	**2,605**	**3,447**	**298,236**

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2020 (continued)

5 Property and equipment (continued)

	Rigs and well services equipment RO'000	Furniture and fixtures RO'000	Office and computer equipment RO'000	Motor vehicles RO'000	Building RO'000	Total RO'000
Depreciation and impairment						
1 January 2019	120,477	921	1,193	1,819	309	124,719
Depreciation charge for the year	16,422	8	96	133	75	16,734
Disposals	(559)	-	-	(7)	-	(566)
1 January 2020	**136,340**	**929**	**1,289**	**1,945**	**384**	**140,887**
Depreciation charge for the year	**15,689**	**11**	**146**	**134**	**81**	**16,061**
Disposals	**(12,134)**	**(102)**	**(4)**	**(118)**	-	**(12,358)**
At 31 December 2020	**139,895**	**838**	**1,431**	**1,961**	**465**	**144,590**
Net carrying value						
At 31 December 2020	**149,613**	**66**	**341**	**644**	**2,982**	**153,646**
At 31 December 2019	153,583	18	293	528	1,102	155,524

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020 (continued)

5 Property and equipment (continued)

Details of depreciation and amortization is as below:

	2020 RO'000	2019 RO'000
Depreciation	**16,061**	16,734
Amortisation of intangible assets (note 7)	**181**	282
Amortisation of right-of-use assets (Note 8a)	**1,887**	2,027
Depreciation and amortisation	**18,129**	19,043

	2020	2019
The total depreciation and amortization charge for the year is allocated as follows:		
Direct costs (note 19)	**17,437**	18,280
General and administrative expenses (note 20)	**692**	763
	18,129	19,043

During the year ended 31 December 2015, the Company capitalised the custom duty relating to temporary import of rigs amounting to RO 4,828,075. The amount was calculated based on the present value of amount payable at the expiry of firm and optional period relating to drilling / well services contracts with the respective clients. As at 31 December 2020, the Company has reassessed the present value of deferred payment obligation pertaining to custom duty payment and there is no additional liability in 2020 (2019 was nil).

Oil and well services equipment include rigs on which commercial banks have negative pledge against a term loan facility (note 14).

Impairment assessment:

During the year 2020, the Company carried out impairment testing of all of its cash generating units (CGU) using value in use method. Major parameters used for impairment testing are as follows:

- Future cash inflows and outflows for a period of ten years from the continuing use of the CGU and its ultimate disposal were determined.
- Capital Asset Pricing Model (CAPM) was used to determine the pretax discount rate of 7.65%.
- Both the cash flows and the discounting rates used were on pretax basis.
- Year-on-year revenue forecast and the discounting rates used were without giving effect of general inflation. An inflation of 1% to 3% have been assumed on the year-on-year operating and manpower cost forecast.

Based upon above parameters, the Company has neither increased nor reversed the previous impairment balance.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020 (continued)

6 Capital work-in-progress

	2020 RO'000	2019 RO'000
Upgrade of rigs and other service line assets not commissioned	**2,533**	2,167
Assets under major overhauling	**1,565**	1,351
	4,098	3,518

The movement in capital work in progress is as follows:

	2020 RO'000	2019 RO'000
At 1 January	**3,518**	2,123
Additions during the year	**14,292**	13,171
Transfer to property, plant and equipment (note 5)	**(13,712)**	(11,776)
	4,098	3,518

Transfer to property, plant and equipment during the year 2020 mainly represents commissioning of new assets relating to the drilling & workover business.

7 Intangible assets

	2020 RO'000	2019 RO'000
Cost		
At 1 January	**2,150**	2,124
Additions during the year	**121**	26
At 31 December	**2,271**	2,150
Amortization		
At 1 January	**1,920**	1,638
Charge for the year (note 5)	**181**	282
At 31 December	**2,101**	1,920
Net carrying value at 31 December	**170**	230

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2020 (continued)

8a. Right-of-use assets

	Building RO'000	Equipment RO'000	Vehicles RO'000	Total RO'000
1 January 2019	470	2,834	2,488	5,792
Less: amortisation	(344)	(1,195)	(488)	(2,027)
1 January 2020	**126**	**1,639**	**2,000**	**3,765**
Addition	**498**	**33**	**3,578**	**4,109**
Terminations and other adjustments	**78**	**(1,087)**	**440**	**(569)**
Re-measurement of lease liabilities	**(74)**	**(98)**	**690**	**518**
Less: Amortisation	**(403)**	**(137)**	**(1,347)**	**(1,887)**
31 December 2020	**225**	**350**	**5,361**	**5,936**

8b. Lease liabilities

	2020 RO'000	2019 RO'000
Lease liabilities	**6,052**	3,801
Current portion	**1,265**	1,265
Non-current portion	**4,787**	2,536
	6,052	3,801
At 1 January	**3,801**	5,792
Addition	**4,109**	-
Terminations and other adjustments	**(598)**	-
Re-measurement of lease liabilities	**518**	-
Add: interest cost (Note 21)	**304**	174
Less: payments during the year	**(2,082)**	(2,165)
At 31 December	**6,052**	3,801

The Company lease several assets including buildings, equipment and vehicles. The average lease term is 5 to 8 years (2019: 5 to 8 years). During the year, certain contracts for buildings and equipments were modified. This resulted in the re-measurement of lease liabilities of RO 518 thousand. The corresponding adjustment was made to right-of-use assets.

Amounts recognised in profit and loss	2020 RO'000	2019 RO'000
Depreciation expense on right-of-use assets	**1,887**	2,027
Interest expense on lease liabilities	**304**	174
Expense relating to short-term leases	**27**	-
	2,218	2,201

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020 (continued)

9 Trade and other receivables

	2020 RO'000	2019 RO'000
Trade receivables from non - related parties	**22,370**	24,670
Trade receivable from a related party (note 23)	**3,842**	1,854
Less: allowance for expected credit losses	**(222)**	(345)
	25,990	26,179
Advances to suppliers	**31,883**	6,719
Advances to employees	**12**	55
Prepayments	**703**	209
Deposits	**667**	49
Insurance claims receivable	**29**	29
	59,284	33,240

The ageing of trade receivables and receivable from a related parties at the reporting date was:

	Gross 2020 RO'000	Impairment 2020 RO'000	Gross 2019 RO'000	Impairment 2019 RO'000
Not past due	**22,412**	-	24,468	-
Past due 1-90 days	**2,994**	-	1,240	-
Past due 91-180 days	**307**	-	195	-
Past due 181-270 days	**76**	-	45	-
Past due 271-360 days	**58**	-	23	-
More than one year	**365**	**222**	553	345
	26,212	**222**	26,524	345

Movement in the allowance for impaired debt is as follows:

	2020 RO'000	2019 RO'000
Balance as at 1 January	**345**	119
Add: charge for the year	**55**	253
Less: write back during the year	**(178)**	(27)
Balance as at 31 December	**222**	345

At 31 December 2020, revenue generated by financed assets are assigned in favour of commercial banks under the terms of the Facility (note 14).

The Company has concentration of credit risk with respect to trade debtors and, at the reporting date 87% (2019: 87%) of trade receivables are due from four customers. These are reputed customers with good track record of payments and the Company monitors the receivable position on a regular basis.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2020 (continued)

10 Inventories

	2020	2019
	RO'000	RO'000
Stores, spares and consumables	**14,531**	12,610

11 Cash and bank balances

Cash on hand	**66**	43
Cash at bank (current accounts and deposits)	**7,077**	14,076
Total cash and bank balances	**7,143**	14,119

Cash and bank balances consists of fixed deposits denominated in Rial Omani and carry annual effective interest rate of between 4.25% to 4.35% (2019 – 3.5% to 4.75%). The Company has the flexibility to liquidate the fixed deposits before the scheduled maturity dates.

12 Share capital

	2020	2019
	RO'000	RO'000
Share capital		
Authorised share capital		
200,000,000 (2019:200,000,000) shares of RO 1 each	**200,000**	200,000
Issued and paid up share capital		
77,020,000 (2019: 77,020,000) shares of RO 1 each	**77,020**	77,020

Paid and proposed dividend

During the year, the Company paid dividend of 27.87 baisa per share amounting to RO 2,146,200 relating to financial year 2019 (2019: 18.19 baisa per share amounting to RO 1,401,150 relating to financial year 2018) representing 30% of profit after tax.

The Board of Directors in its meeting held on 10th March 2021, recommended cash dividend of 43.92 Baisa per share amounting to RO 3,382,500 for the year 2020 representing 30% of profit after tax subject to approval of the shareholders.

13 Legal reserve

The Commercial Companies Law as amended, requires that 10% of the Company's profit be transferred to a non-distributable legal reserve until the amount of legal reserve becomes equal to one-third of the Company's share capital. This reserve is not available for distribution.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020 (continued)

14 Term loans

	Maturity	2020 RO'000	2019 RO'000
Total			
Term loan I [note 14 (a)]	Oct & Dec 2020	-	11,660
Term loan II [note 14 (b)]	May 2021	**3,033**	3,733
Term loan III [note 14 (c)]	April 2023	**19,580**	20,900
Term loan IV [note 14 (d)]	December 2023	**28,840**	29,723
Term loan V [notes 14 (e)]	December 2025	**9,721**	10,489
Term loan VI [note 14 (f)]	December 2028	**26,965**	3,884
		88,139	80,389
Non-current portion			
Long term loan II	May 2021	-	3,033
Long term loan III	April 2023	**17,622**	18,260
Long term loan IV	December 2023	**25,956**	26,192
Long term loan V	December 2025	**8,698**	9,465
Long term loan VI	December 2028	**23,594**	3,884
		75,870	60,834
Current portion			
Long term loan I	Oct & Dec 2020	-	11,660
Long term loan II	May 2021	**3,033**	700
Long term loan III	April 2023	**1,958**	2,640
Long term loan IV	December 2023	**2,884**	3,531
Long term loan V	December 2025	**1,023**	1,024
Long term loan VI	December 2028	**3,371**	-
		12,269	19,555

(a) Term loan I

Tranche I – The term loan was denominated in US Dollars and 60% of the term loan was repayable in 13 consecutive half-yearly instalments of US $ 1,801,544 (RO 693,775) each. The final instalment of US $ 15.61 million (RO 6.01 million), representing 40% of term loan, was repaid in December 2020. Interest on the term loan was payable at 3 months LIBOR plus fixed margin.

Tranche II – The term loan was denominated in US Dollars and 60% of the term loan was repayable in 13 consecutive half-yearly instalments US $ 1,093,394 (RO 421,066). The final instalment of US $ 9.48 million (RO 3.65 million), representing 40% of term loan, was paid in October 2020. Interest on term loan was payable at 3 months LIBOR plus fixed margin.

Tranche III –The term loan was denominated in US Dollars and 60% of the term loan was repayable in 13 consecutive half-yearly instalments of US $ 237,383 (RO 91,416) each. The final instalment of US $ 2.05 million (RO 0.79 million), representing 40% of term loan, was repaid in December 2020. Interest on the term loan is payable at 3 months LIBOR plus fixed margin.

14 Term loans (continued)

(b) Term loan II

The term loan is denominated in US Dollars and 60% of the term loan is repayable in 13 consecutive half-yearly instalments of US $ 908,836 (RO 349,993) each. The final instalment of US $ 7.88 million (RO 3.03 million), representing 40% of term loan, is repayable in May 2021. Interest on the term loan is payable at 3 months LIBOR plus fixed margin.

(c) Term loan III

The term loan is denominated in Omani Rials and 60% of the term loan is repayable in 28 quarterly instalments of RO 660,000 each. The final instalment of RO 12.32 million, representing 40% of term loan, is repayable in year 2023. Interest on term loan is payable at fixed percentage below base lending rate of the lender and to be serviced on monthly basis. Subsequent to 31st December 2020, the term loan is under restructuring.

(d) Term loan IV

The term loan is denominated in Omani Rials and 60% of the term loan is repayable in 28 quarterly instalments of RO 882,857 each. The final instalment of RO 16.48 million, representing 40% of term loan, is repayable in year 2023. Interest on the term loan is payable on quarterly basis and the interest rates are reset on annual review basis. Subsequent to 31st December 2020, the term loan is under restructuring.

(e) Term loan V

The term loan is denominated in Omani Rials and 60% of the term loan is repayable in 27 quarterly instalments of RO 255,822 each. The 28th final instalment of RO 4.6 million, representing 40% of term loan, is repayable in year 2025. Interest on the term loan is payable on quarterly basis and the interest rates are reset on annual review basis.

(f) Term loan VI

In 2019, the Company has availed the term loan which is denominated in USD to finance the new projects for the purchase of four Rigs and two Hoists units. The full drawdown will be completed by June 2021. The repayments will commence on Sep 2021. The final maturity of the loan will be on June 2029. Interest on the term loan is payable at 3 months LIBOR plus fixed margin.

Security terms for the above loans

Securities for the loans are as follows:

- Assignment of revenues for the assets financed through that commercial bank.
- Negative lien over the assets financed through that commercial bank (note 5).

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2020 (continued)

15 Deferred income and deferred payment obligation

An analysis of deferred income is set out below:

	2020 RO'000	2019 RO'000
Deferred income	**1,960**	2,278
Current portion	**1,057**	912
Non-current portion	**903**	1,366
	1,960	2,278
Balance as at 1 January	**2,278**	2,756
Add: income received during the year	**652**	480
Less: income recognised during the year	**(970)**	(958)
Balance as at 31 December	**1,960**	2,278

In line with the Company's accounting policy, mobilization income is accounted over the firm contract period and accordingly the revenue pertaining to future period is deferred.

An analysis of deferred payment obligation is set out below:

	2020 RO'000	2019 RO'000
Deferred payment obligation	**1,992**	3,043
Current portion	**989**	1,088
Non-current portion	**1,003**	1,955
	1,992	3,043
At 1 January	**3,043**	4,134
Add: unwinding of interest cost (note 21)	**52**	109
Less: payments during the year	**(1,103)**	(1,200)
At 31 December	**1,992**	3,043

The Company has assessed its import permits for temporary import of rigs / other assets and possibility of re-export of these assets out of Oman upon completion of the relevant contract. In line with the market assessment carried out, the Company has determined that it might not be possible for it to re-export the assets imported on temporary permits to another countries or free zone area. In view of this, the Company made provision for custom duty payable upon expiry of the firm and optional period of its relevant contracts. The amount payable was discounted to the present and was capitalized to the individual assets imported. Depreciation on amount so capitalized was charged over the remaining useful lives of these assets.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020 (continued)

15 Deferred income and deferred payment obligation (continued)

An analysis of deferred expense is set out below:

	2020 RO'000	2019 RO'000
Deferred expenses	**600**	667
Current portion	**256**	208
Non-current portion	**344**	459
	600	667
1 January	**667**	547
Add: cost incurred during the year	**258**	412
Less: cost accounted during the year	**(325)**	(292)
31 December	**600**	667

16 Employees' end of service benefits

	2020	2019
At 1 January	**1,662**	1,483
Add: cost incurred during the year	**315**	319
Less: cost recognized in profit or loss during the year	**(283)**	(140)
At 31 December	**1,694**	1,662

17 Trade and other payables

	2020	2019
Trade payables	**5,838**	6,189
Payables for acquisition of assets	**5,954**	1,468
Due to a related party (note 23)	**536**	1,072
Accrued interest	**593**	143
Employee payable	**(19)**	10
Performance bonus payable	**1,308**	1,011
Leave encashment payable	**2,612**	1,769
Other accrued expenses	**3,484**	4,290
	20,306	15,952

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2020 (continued)

18 Revenue

	2020 RO'000	2019 RO'000
Disaggregation of revenue:		
Revenue recognized over time:		
Contract revenue - leased operating asset	**17,989**	18,207
Contract revenue - other services	**82,224**	77,676
Revenue recognized point in time:		
Contract revenue - product	**4,973**	4,459
	105,186	100,342

19 Direct costs

	2020	2019
Employee related cost	**34,761**	33,594
Depreciation and amortization (note 5)	**17,437**	18,280
Materials and spares consumed	**14,782**	15,394
Transportation	**5,443**	4,479
Camp cost	**2,356**	2,527
Equipment rentals	**1,351**	1,594
Repairs and maintenance	**928**	1,571
Back chargeable charges	**860**	938
Insurance	**403**	611
Inspection	**771**	1,011
Vehicle rentals	**15**	104
Communication	**266**	265
Mobilization / demobilization expenses	**258**	480
Vehicle running	**310**	214
Water and electricity	**53**	(25)
Rental of warehouse	**(34)**	45
Business travel	**138**	186
Miscellaneous	**211**	138
	80,309	81,406

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020 (continued)

20 General and administrative expenses

	2020 RO'000	2019 RO'000
Employee related costs	**5,230**	4,342
Depreciation and amortization (note 5)	**692**	763
Rent	**29**	8
Repairs and maintenance	**408**	488
Communication	**62**	43
Legal and professional	**433**	88
Consumables and materials consumed	**64**	85
Directors - sitting fees (note 23)	**27**	35
Directors - other remuneration (note 23)	**140**	101
Business travel	**10**	65
Vehicle rentals	**10**	3
Food expenses	**5**	11
Miscellaneous	**85**	58
Water and electricity	**26**	27
Vehicle running	**75**	101
Insurance	**(22)**	40
Subscription and membership	**9**	17
Printing and stationary	**11**	18
Advertisement and sales promotion	**4**	19
Transportation charges	**6**	1
Equipment rentals	**3**	(9)
	7,307	6,304

21 Finance costs and finance income

An analysis of finance cost is set out below:

	2020 RO'000	2019 RO'000
Interest on long/short term loans	**3,134**	3,734
Unwinding of interest on deferred payment obligation (note 15)	**52**	109
Bank charges / exchange fluctuations	**105**	197
Interest on lease liabilities	**304**	174
	3,595	4,214

An analysis of finance income is set out below:

	2020 RO'000	2019 RO'000
Interest income on fixed deposits	**455**	850
Interest income on call accounts (Note 8b)	**8**	20
	463	870

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020 (continued)

22 Income tax

Recognized in profit or loss:

	2020 RO'000	2019 RO'000
Statement of profit or loss:		
Current tax:		
Current year	2,007	1,378
Prior year	95	-
Deferred tax:		
Current year	34	(91)
Prior years	11	1
	2,147	1,288

The Company is subject to income tax at the rate of 15% of taxable profits.

The following is a reconciliation of income taxes calculated at the applicable tax rate with the income tax expenses:

	2020 RO'000	2019 RO'000
Reconciliation		
Profit before tax	13,422	8,442
Income tax as per rates mentioned above	2,013	1,266
Non-deductible expenses	27	21
Prior year adjustment - deferred tax	11	1
Prior year adjustment - Current tax	96	-
Tax expense for the year	2,147	1,288
Current tax payable		
Current tax payable	2,283	1,539

The deferred tax (liability) / asset comprises the following temporary differences:

2020	As at 1 January RO'000	(Charge) / reversal to profit or loss RO'000	As at 31 December RO'000
Property, plant and equipment	(5,097)	157	(4,940)
Deferred payment obligation	356	(165)	191
Unwinding of interest on deferred payments	100	8	108
Provision for impairment	52	(19)	33
Deferred income	342	(48)	294
Deferred expenses	(100)	10	(90)
Right-of-use assets and lease liabilities	5	13	18
Net deferred tax (liability) / asset	(4,342)	(44)	(4,386)

22 Income tax (continued)

2019	As at 1 January RO'000	(Charge) / reversal to profit or loss RO'000	As at 31 December RO'000
Property, plant and equipment	(5,402)	305	(5,097)
Deferred payment obligation	536	(180)	356
Unwinding of interest on deferred payment	84	16	100
Provision for impairment	18	34	52
Deferred income	414	(72)	342
Deferred expenses	(82)	(18)	(100)
Right-of-use assets and lease liabilities	-	5	5
Net deferred tax (liability) / asset	(4,432)	90	(4,342)

The tax returns of the Company up to the years 2015 has been agreed with the Secretariat General for Taxation at the Ministry of Finance. The Company received tax assessment order for 2016 based on which additional tax was demanded by the tax authorities. The Company has filed for a rectification of the assessment order and is in the process of filing an appeal against the additional tax demanded. As recommended by the tax consultant, a provision of RO 95,000 has been created for the year 2016 to cover the additional tax liability.

The Board of Directors are of the opinion that additional taxes, if any, related to the open tax years would not be significant to the Company's financial position as at 31 December 2020.

23 Related party transactions and balances

The Company has entered into transactions with shareholders and entities over which shareholders have the ability to control or exercise significant influence in financials and operating decisions. The transactions are in the normal course of business and terms of providing and receiving such transactions are comparable with those that could be obtained from third parties. Details of significant related party transactions and the balances involved are as follows:

	2020 RO'000	2019 RO'000
Sale of goods and services		
Revenue from Parent Company	**11,051**	7,537
Purchases of goods and services		
Fuel, lubricants and others from Oman Oil Marketing Company SAOG	**4,190**	4,666
Dividend paid to shareholders (note 12)	**2,146**	1,401
Directors - sitting fees (note 20)	**27**	35
Directors - other remunerations (note 20)	**140**	101

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2020 (continued)

23 Related party transactions and balances (continued)

	2020 RO'000	2019 RO'000
Key management compensation		
Basic salaries and allowances	**813**	764
End of service benefits	**7**	5
	820	769
Related party balances		
Receivable from the Parent Company (note 9)	**3,842**	1,854
Payable to Oman Oil Marketing Company SAOG – other related party (note 17)	**536**	1,072

24 Contingent liabilities

The Company has contingent liabilities in respect of bank guarantees and other matters arising from the legal cases of Company from which it is anticipated that no material liabilities will arise. At 31 December 2020, contingent liabilities includes bank guarantees and performance bonds issued by the Company amounting to RO 5,971,028 (2019: RO 4,263,277) and nil contingent liabilities from legal cases (2019 is nil).

25 Commitments

As at 31 December 2020, the Company had contractual capital commitments of RO 22,544,377 (2019: RO 36,210,528).

26 Financial risk management

Financial instruments carried on the statement of financial position comprise trade and other receivables, cash and cash equivalents, trade and other payables and borrowings.

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been impacted.

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements
for the year ended 31 December 2020 (continued)

26 Financial risk management (continued)

Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to mitigate the potential adverse effects on the Company's financial performance.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

As at December 2020, though the Company has significant bank balances, Management believes that the risk arising out of these balances are minimal as these are with local banks with good financial standing.

Bank balance		**2020 RO'000**	2019 RO'000
FAB	**AA3**	**33**	731
NBO	**BAA3**	**900**	606
Bank Muscat	**BAA2**	**195**	193
Ahli bank	**BAA3**	**22**	23
HSBC bank	**BAA2**	**242**	127
Oman Arab Bank	**BAA3**	**219**	730
Alinma Bank Saudi	**A-**	**10**	10
Bank Dhofar	**BAA3**	**5,456**	11,656
		7,077	14,076

The Company does not foresee any significant increase in credit risk based on the financial condition of the bank and other factors if any, since the date such financial asset is being originated as the bank's credit ratings have not gone down by two notches after the date of deposit till the date of the financial statement.

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at expected credit loss (ECL). The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020 (continued)

26 Financial risk management (continued)

Financial risk factors (continued)

Credit risk (continued)

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognized a loss allowance of 100% against all receivables over 90 days past due because historical experience has indicated that these receivables are generally not recoverable.

As at the reporting date the Company has provided for RO 222 thousand (2019: RO 345 thousand) as total provision for impaired debts from its customers (note 9). Apart from this, management believes that the Company is not exposed to any significant credit risk.

The following table details the risk profile of trade receivables based on the Company's provision matrix :

Calculation of ECL provision trade receivables – provision matrix approach

As of 31 December 2020	**Net carrying amount before ECL**	**ECL %**	**Lifetime ECL**	**Net carrying amount after ECL**
Not past due	**22,412**	-	-	**22,412**
1-90 days	**2,994**	-	-	**2,994**
91-180 days	**307**	-	-	**307**
181-270 days	**76**	-	-	**76**
271-365 days	**58**	-	-	**58**
> 365 days	**365**	**60.82%**	**222**	**143**
Total	**26,212**	**0.84%**	**222**	**25,990**
As of 31December 2019				
Not past due	24,468	-	-	24,468
1-90 days	1,240	-	-	1,240
91-180 days	195	-	-	195
181-270 days	45	-	-	45
271-365 days	23	-	-	23
> 365 days	553	62.39%	345	208
Total	26,524	1.30%	345	26,179

26 Financial risk management (continued)

Financial risk factors (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The detail maturities of the Company's financial liabilities, at reporting date are given below:

Non-derivative financial liabilities

	Carrying amount RO'000	Less than 1 year RO'000	1 to 2 year RO'000	More than 2 years RO'000
31 December 2020				
Term loans	**88,139**	**10,584**	**11,657**	**65,898**
Short term loan	-	-	-	-
Lease liabilities	**6,052**	**1,265**	**943**	**3,844**
Trade and other payables	**20,306**	**20,306**	-	-
	114,497	**32,155**	**12,600**	**69,742**
31 December 2019				
Term loans	80,389	19,555	10,713	50,121
Short term loan	1,200	1,200	-	-
Lease liabilities	3,801	1,265	1,102	1,434
Trade and other payables	15,952	15,952	-	-
	101,342	37,972	11,815	51,555

Future interest payable for floating rate loans is computed based on the year-end floating rates.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020 (continued)

26 Financial risk management (continued)

Financial risk factors (continued)

Foreign currency risk

The Company's functional and presentation currency is Rial Omani. The Company's contracts with its clients are entered in US $ and therefore its receipts are in US $. Part of the Company's expenses are in US $ and partly in Rial Omani. However, since Rial Omani is effectively pegged to US $, the Company is not exposed to any significant currency risks.

Interest rate risk

The Company is exposed to interest rate risk since substantial of its borrowings are on fluctuating interest rates. However, the risk is limited to 3 months LIBOR since the spread of fixed basis points is fixed for the tenure of the loan.

Cash flow sensitivity analysis for variable rate instruments
A change of 20 basis points in interest rates as at 31 December would have increased (decreased) equity by the amounts shown below:

	Equity			
	2020		2019	
	20 bp Increase	**20 bp Decrease**	20 bp Increase	20 bp Decrease
Interest rate expense	(27)	27	(50)	50

27 Capital management

The Company's policy is to maintain a strong capital base to sustain future development of the business. The management monitors the return on equity, which the Company defines as net profit divided by total shareholders' equity on weighted average basis.

Board of Directors in their meeting dated, 9 June 2012 had approved revision of composition of Company wide capital structure of the Company as follows: equity (30%): subordinated debt (5%): debt (65%). The same has been approved by the Ultimate Parent Company (OQ) and by the shareholders in the General Meeting held on 6 January 2013. The Company is not subject to externally imposed capital requirements, except those under Commercial Companies Law, as amended.

28 Fair value of financial assets and liabilities

The fair value of the financial assets and liabilities approximates their carrying value as stated in the statement of financial position.

ABRAJ ENERGY SERVICES SAOC

Notes to the financial statements for the year ended 31 December 2020 (continued)

29 Changes in cash flows from financing activities

	Term loan RO'000	Short term loan RO'000	Lease liabilities RO'000
1 January 2020	**80,389**	**1,200**	**3,801**
Disbursement/ availed during the period	**23,081**	**5,084**	**4,333**
Repayments during the period	**(15,331)**	**(6,284)**	**(2,082)**
31December 2020	**88,139**	**-**	**6,052**
Change in cash flows	**7,750**	**(1,200)**	**2,251**
1 January 2019	100,513	21	5,792
Disbursement/ availed during the period	3,884	8,500	174
Repayments during the period	(24,008)	(7,321)	(2,165)
31December 2019	80,389	1,200	3,801
Change in cash flows	(20,124)	1,179	(1,991)

30 Approval of financial statements

The financial statements were approved by the shareholders and authorized for issue on 10 March 2021.

Chapter XXV
Undertakings

(1) Abraj Energy Services SAOG (under transformation)

The Board of the Company (under transformation) jointly and severally hereby confirm that:

- the information provided in this Prospectus is true and complete;
- due diligence has been undertaken to ensure that no material information has been omitted, the omission of which would render this Prospectus misleading; and
- all the provisions set out in the Securities Law, the CCL, and the rules and regulations issued pursuant to them have been complied with.

On behalf of the Company's Board (Authorised Signatories):

Name	**Signature**
Director	Sd/-
Director	Sd/-

(2) Ahli Bank SAOG and National Bank of Oman SAOG (as Issue Managers)

Pursuant to our responsibilities under the CCL and the SAOG Executive Regulations, we have reviewed all the relevant documents and other material required for the preparation of this Prospectus pertaining to the offering of the Shares of the Company.

The Board of the Company will bear the responsibility with regard to the correctness of the information provided for in this Prospectus, and they have confirmed that they have not omitted any material information from it, the omission of which would render this Prospectus misleading.

We confirm that we have undertaken the due diligence required by our profession with regard to this Prospectus, which was prepared under our supervision and, based on our reviews and discussions with the Company, its directors, officers and other related parties, we confirm the following:

- we have undertaken reasonable due diligence to ensure the information given to us by the Company and included in this Prospectus is conformant with the facts in the documents and other materials of the Offer;
- to the best of our knowledge and from the information available from the Company, this Prospectus does not omit any material information, the omission of which would render this Prospectus misleading;
- this Prospectus and the Offer to which it relates, is conformant with all the rules and terms of disclosure stipulated for in the Securities Law, the CML Executive Regulations of the Securities Law, the prospectus models applied by the CMA, the CCL, the SAOG Executive Regulations and the directives and decisions issued in this regard; and
- the information contained in this Prospectus in the Arabic language (and the unofficial translation into the English language) is true, sound and adequate to assist the investor to take the decision as to whether or not to invest in the securities offered.

Sd/-	Sd/-
Ahli Bank SAOG	National Bank of Oman SAOG

(3) MAQ Legal – Al Maamary, Al Abri & Co. (as Oman law adviser to the Company)

The legal adviser whose name appears below, hereby confirms that all the procedures taken for the offering of the securities as described in this Prospectus are in line with the laws and legislations related to the Company's business and the CCL, the Securities Law and the regulations and directives issued pursuant to them, the requirements and rules for the issue or public offering of shares issued by the CMA, the Articles, and the resolutions of the general meeting and Board of the Company. The Company has obtained all the consents and approvals of the official authorities required to carry out the activities described in this Prospectus.

Sd/-

MAQ Legal

(Al Maamary, Al Abri & Co.)